



THIS DOCUMENT IS  
CONTROLLED BY

1-1205 Corporate Supplier Diversity Programs Office

ALL REVISIONS TO THIS DOCUMENT SHALL BE APPROVED BY THE ABOVE  
ORGANIZATION PRIOR TO RELEASE

PREPARED UNDER

☐

CONTRACT NO.

☐

IR&D

☒

OTHER

PREPARED ON MS Word 7.0

FILED UNDER DOD Comprehensive  
Subcontracting Plan

DOCUMENT NO.

D180-32721-3, Rev. A

MODEL

TITLE: Document D180-32721-3, Rev. A, Fiscal Year (FY) 1999 through  
FY 2000 Department of Defense Companywide Comprehensive Small Business,  
Small Disadvantaged Business and Women-Owned Small Business Subcontracting  
Plan.

ORIGINAL RELEASE DATE

ISSUE NO.

TO

DATE

☒

THE INFORMATION CONTAINED HEREIN IS NOT PROPRIETARY.

☐

THE INFORMATION CONTAINED HEREIN IS PROPRIETARY TO THE BOEING COMPANY AND SHALL NOT BE  
REPRODUCED OR DISCLOSED IN WHOLE OR IN PART OR USED FOR ANY DESIGN OR MANUFACTURE EXCEPT WHEN  
SUCH USER POSSESS DIRECT, WRITTEN AUTHORIZATION FROM THE BOEING COMPANY.

ANY ADDITIONAL LIMITATIONS IMPOSED ON THIS DOCUMENT  
WILL BE FOUND ON A SEPARATE LIMITATIONS PAGE.

PREPARED BY

*Loretta M. Nations*  
Loretta Nations

1-1205

9-14-99

CONCURRED BY

*Gary D. Eisenhart*  
Gary D. Eisenhart

MA-006

9-14-99

*Barbara A. Taylor*  
Barbara A. Taylor

C-1000

9-14-99

SUPERVISED BY

*Nick Sena*  
Nick Sena

1-1205

9/27/99

CONCURRED BY

*Russell J. Bunn*  
Russell J. Bunn

MA-5001

9/27/99

*Paul C. Vasquez*  
Paul C. Vasquez

9-10A0

9-20-99

*William H. Stowers*  
William H. Stowers

5-V180

9-17-99

APPROVED BY

*James F. Albaugh*  
James F. Albaugh

9-10F0

10/6/99

Signature

Org.

date

1



## **1. LIMITATIONS**

All revisions, additions, or deletions to this document are to be submitted to the Socioeconomic Executive or the Supplier Diversity Programs Director.



## 2. ABSTRACT

The Boeing Company is one of the original eight participants in the Department of Defense (DOD) test program to determine whether the negotiation and administration of a Comprehensive Small Business Subcontracting Plan and companywide small business (SB) and small disadvantaged business (SDB) subcontracting goals will result in increased opportunities for SB's, SDB's and women-owned small business (WOSB) concerns performing under DOD contracts. For a period of 10 years, beginning with FY 1990 and ending FY 2000, the requirement for negotiation, administration, and reporting on an individual prime contract basis is waived.

As implemented by The Boeing Company (excluding the former McDonnell Douglas Corporation and the former Rockwell International aerospace and defense businesses), the DOD Comprehensive Subcontracting Plan has resulted in a dramatic increase in utilization of SB/SDB/WOSB concerns. For example, in FY 1991, the first year Boeing was under a comprehensive plan, DOD SB subcontracting performance was 10.2% of the total DOD subcontracting efforts. Five years later, the FY 1996 SB subcontracting performance was 25.3%, more than double the benchmark year achievements. FY 1991 DOD SDB subcontracting performance was 1.3% of the total DOD subcontracting efforts. The FY 1996 SDB subcontracting performance was 5.4; four times the benchmark year achievements.

During FY 1997, Boeing went through two major mergers. The first was between Boeing and the former Rockwell International aerospace and defense businesses. The second was between Boeing (including Boeing North American, Inc.), and the former McDonnell Douglas Corporation. The DOD Comprehensive Subcontracting Plan continued as a companywide initiative.

In order to evaluate this program, it is important to review the combined historical subcontracting performance of the three "heritage" companies. In FY 1995, the combined SB subcontracting performance was \$1,057.7 million, SDB performance was \$218.5 million and WOSB performance was \$30.9 million. FY 1999 is the second year the heritage companies have operated under a single comprehensive subcontracting plan. Cumulative performance through FY 1998, indicates an upward trend in subcontracting dollars awarded to SB's and SDB's (see chart below).

| Year    | SB Dollars       | SDB Dollars    | WOSB Dollars   | HBCU/MI    |
|---------|------------------|----------------|----------------|------------|
| FY 1995 | \$ 1,057,736,098 | \$ 218,485,550 | \$ 30,928,037  | \$ 266,416 |
| FY 1996 | \$ 1,103,401,115 | \$ 225,011,119 | \$ 103,312,648 | \$ 245,116 |
| FY 1997 | \$ 1,392,617,717 | \$ 290,502,599 | \$ 139,110,524 | \$ 736,930 |
| FY 1998 | \$ 1,402,532,047 | \$ 300,971,284 | \$ 136,432,559 | \$ 135,180 |

Most of the DOD programs in process at Boeing are mature with established supplier relationships. These include the F/A-18 and C-17 programs. Others, such as the F-22 Raptor, RAH-66 Comanche



and V-22 Tilt Rotor are waiting the "go-ahead" in order to begin the production stage and have little current opportunity for subcontracting. However, Boeing remains strongly focused on increasing the amount of subcontract awards to SB's, SDB's and WOSB's.

The increases historically experienced by Boeing are attributable to the comprehensive-nature of the DOD Subcontracting Plan. Since all groups, business units and subsidiaries are included in the plan, it commands executive-level attention that would not be possible utilizing individual subcontracting plans. This CEO-level attention results in increased commitment, and therefore increased subcontracting opportunities for SB/SDB/WOSB concerns, throughout the company *nationwide*.

Another reason Boeing substantially increased utilization of SB/SDB/WOSB concerns is that resources previously used for reporting and oversight activities now focus on introducing suppliers to Boeing and encouraging procurement organizations to provide opportunities. Activities shifted from reactionary reporting to a proactive identification of requirements that can be met by SB's and then identifying qualified SB's for inclusion on the bidder's lists.

Boeing recognizes its position as a major DOD prime contractor and as one of two prime contractors with a companywide DOD Comprehensive Subcontracting Plan. Under its DOD Comprehensive Subcontracting Plan, Boeing has demonstrated that a comprehensive plan results in increased *utilization* of small, small disadvantaged and women-owned small business concerns. This far exceeds the test program goal of "enhancing subcontracting opportunities."



### **3. KEY WORDS**

Comprehensive Subcontracting Plan

Disadvantaged - Small Disadvantaged Business Concerns

DOD Test Program

Historically Black Colleges and Universities

HUBZone

HUBZone Small Business Concerns

Industry Categories

Minority Institutions

Minority-Owned Business - Small Disadvantaged Business

Negotiated

Publicizing

Small Business

Small Disadvantaged Business Concerns

Subcontracting Plan

Women-Owned Small Business



The Comprehensive Plan has been negotiated and approved by the designated contracting officer for the period indicated.

#### 4. APPROVAL

Department of Defense Comprehensive Small Business, Small Disadvantaged Business and Women-Owned Small Business Subcontracting Plan, Document No. D180-32721-3, Rev. A, is approved for Fiscal Year 1999 through Fiscal Year 2000 and is effective October 1, 1999, through September 30, 2000.

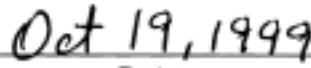
  
Stephen E. Trautwein

Corporate Administrative  
Contracting Officer

P.O. Box 3707

Mail Code 13-05

Seattle, Washington 98124-2207

  
Date



## **5. DISTRIBUTION LIST**

Principle Administrative Contracting Officer

Corporate Administrative Contracting Officer (CACO) - Seattle

Corporate Vice President - Engineering

Defense Contract Management Command (DCMC), Seattle - Assistant  
Director of Small Business

Military Aircraft & Missiles Senior Vice President - Contracts

Space & Communications Senior Vice President - Contracts

DCMC Boeing - Seattle

Designated Procuring Contracting Officer

Directors of Contracts

Directors of Facilities

Directors of Supplier Management

Military Aircraft & Missiles Supplier Management Managers

Space & Communications Supplier Management Managers

Military Aircraft & Missiles Program Managers

Space & Communications Program Managers

Shared Services Program Managers

Boeing Aerospace Operations Supplier Management Managers

Supplier Diversity Programs Managers & Administrators



## 6. POINTS OF CONTACT

### Corporate Administrative Contracting Officer(CACO) - Boeing

Stephen E. Trautwein  
P.O. Box 3707  
Mail Stop 13-05  
Seattle, Washington 98124  
Telephone: (206) 655-1988

### Boeing Director of Contract Policy

William B. Linscott  
P.O. Box 3707  
Mail Code 80-8U  
Seattle, Washington 98124  
Telephone: (253) 773-3401

### Boeing Socioeconomic Executive

James F. Albaugh  
P.O. Box 2515  
Mail Code WSA-13  
Seal Beach, CA 90740-1515  
Telephone: (562) 797-5630

### Boeing Supplier Diversity Programs Director

Nicholas Sena  
P.O. Box 3707  
Mail Code 14-51  
Seattle, Washington 98124  
Telephone: (206) 655-9222

### Defense Contract Management Command(DCMC), Seattle - Assistant Director of Small Business

Alice Toms  
3009 112th Avenue N.E., Suite 200  
Bellevue, Washington 98004-8019  
Telephone: (425) 889-7317



## 7. TABLE OF CONTENTS

|   | Page |
|---|------|
| 1. LIMITATIONS .....  | 2    |
| 2. ABSTRACT .....   | 3    |
| 3. KEY WORDS .....  | 5    |
| 4. APPROVAL .....   | 6    |
| 5. DISTRIBUTION LIST .....  | 7    |
| 6. POINTS OF CONTACT .....  | 8    |
| 7. TABLE OF CONTENTS .....  | 9    |
| 8. INTRODUCTION .....   | 11   |
| 8.1 Scope .....   | 11   |
| 8.2 Background .....  | 11   |
| 8.3 Description of Products and Services to be Subcontracted .....  | 12   |
| 8.4 Boeing Policy .....   | 12   |
| 9. APPLICABLE REGULATIONS .....   | 12   |
| 10. DEFINITIONS .....   | 13   |
| 10.1 SMALL BUSINESS CONCERN .....   | 13   |
| 10.2 HUBZone Small Business Concern .....   | 13   |
| 10.3 SMALL DISADVANTAGED BUSINESS CONCERN .....   | 14   |
| 10.4 WOMEN-OWNED SMALL BUSINESS CONCERN .....   | 14   |
| 10.5 HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU's) .....  | 14   |
| 10.6 MINORITY INSTITUTIONS (MI's) .....   | 15   |
| 11. SIZE/STATUS REPRESENTATION .....  | 15   |
| 12. RESPONSIBLE CORPORATE INDIVIDUAL .....  | 15   |
| 13. RESPONSIBLE PLAN INDIVIDUAL .....   | 16   |
| 14. EFFORTS TO PROVIDE EQUITABLE OPPORTUNITY TO SMALL, SMALL<br>DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESSES .....                          | 17   |
| 15. RESTRICTED COMPETITION .....  | 18   |
| 16. PUBLICITY .....   | 18   |
| 17. TECHNICAL ASSISTANCE .....  | 19   |
| 18. GOAL METHODOLOGY .....  | 19   |
| 19. INDIRECT AND OVERHEAD COSTS .....   | 20   |
| 20. CORPORATE SMALL BUSINESS, SMALL DISADVANTAGED BUSINESS AND<br>WOMEN-OWNED SMALL BUSINESS SUBCONTRACT AWARD GOALS .....                    | 20   |
| 21. SELECTION OF INDUSTRY CATEGORIES FOR SMALL BUSINESS, SMALL<br>DISADVANTAGED BUSINESS, AND WOMEN-OWNED SMALL BUSINESS<br>DEVELOPMENT ..... | 21   |
| 22. FLOW-DOWN REQUIREMENTS TO SUBCONTRACTORS .....  | 21   |
| 23. PROGRESS REVIEWS .....  | 22   |
| 24. REPORTS AND SURVEYS .....   | 22   |
| 25. RECORDS .....   | 23   |
| 26. BOEING COMPREHENSIVE SUBCONTRACTING PLAN - SPECIAL<br>REQUIREMENTS .....  | 24   |
| 26.1 Program Termination Transition Plan .....  | 24   |
| 26.2 Changes in Subcontractor Base .....  | 24   |



|   |    |
|---|----|
| Exhibit 1999 - Fiscal Year 1999 Goals ..... | 26 |
| Exhibit 2000 - Fiscal Year 2000 Goals ..... | 44 |



## **8. INTRODUCTION**

### **8.1 Scope**

The Boeing Company Comprehensive SB, SDB and WOSB Subcontracting Plan has been prepared for use by all groups, business units, and subsidiaries of Boeing at all locations performing Department of Defense contracts. The Comprehensive Plan is effective from October 1, 1998, through September 30, 2000. Preparation of individual subcontracting plans and Standard Form 294, "Subcontracting Report for Individual Contracts", will not be required during this period. The Comprehensive Plan shall apply to all active and new DOD prime and subcontracts awarded prior to October 1, 2000, including options and contract changes for the life of the prime or subcontract.

Companywide SB, SDB and WOSB subcontracting percentage goals, including selected industry category percentage goals, and subcontracting initiatives will be negotiated annually prior to October 1 of each fiscal year. The percentage goals and subcontracting initiatives will be incorporated herein as follows:

Exhibit 1999: Fiscal Year 1999 Goals and Initiatives

Exhibit 2000: Fiscal Year 2000 Goals and Initiatives

### **8.2 Background**

The Boeing Company is a pioneer in Supplier Diversity Programs. Shortly after World War II, The Boeing Company was among the few companies that voluntarily established a Small Business Program at the suggestion of the government. Eventually, those voluntary efforts were incorporated into contract clauses for all who sought to do business with the government. This was later followed by the establishment of the U.S. Small Business Administration, the Small Business Act, and implementing federal regulations.

Over the years, Boeing has continued its dedication to the principle of participation by small business. It has long been a formal policy of Boeing to seek out and provide SB, SDB, WOSB and historically Black colleges and universities/minority institutions (HBCU/MI) with an opportunity to compete for Boeing procurement of goods and services. Boeing has recognized that its success in the marketplace depends on the availability of qualified small business firms.

In 1972, Boeing established a formal SDB Program and has taken a continuing interest and leadership role in working to provide opportunity to SDB firms in all procurement situations where opportunity exists.



Boeing is a corporate member of the National Minority Supplier Development Council, has helped found two Minority Supplier Development Councils, and supports the activities of many other regional councils. Boeing is also a corporate member of the National Association of Women Business Owners and supports the activities of many of its regional councils.

Boeing actively participates in a number of SB, SDB and WOSB events. Boeing has maintained an outstanding rating for its SB/SDB/WOSB Programs from its government customers for many years.

### **8.3 Description of Products and Services to be Subcontracted**

Boeing is involved in the design, development, and integration of numerous high-technology products and services. These include commercial airplanes, military airplanes, advanced weapons, helicopters, electronic components, space technology, and communication systems.

### **8.4 Boeing Policy**

It is Boeing's policy not only to comply with its contractual obligations but also to maintain subcontracting programs that actively seek out and provide SB's, SDB's, WOSB's and HBCU/MI's the maximum opportunity to compete for all procurements of goods and services.

## **9. APPLICABLE REGULATIONS**

The Boeing Company DOD Comprehensive Small Business, Small Disadvantaged Business and Women-Owned Small Business Subcontracting Plan has been prepared in accordance with Federal Acquisition Regulations, FAR Part 19.7, "The Small Business Subcontracting Program"; the Defense Federal Acquisition Regulations (DFARS), Subpart 219.7, "Subcontracting with Small Business, Small Disadvantaged Business and Women-Owned Small Business Concerns"; DFARS 252.219-7004, "Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (Test Program)"; and DOD "Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans" Implementation Instructions.

DFAR 226.1 authorizes contractors that have comprehensive subcontracting plans to participate in the DOD Indian Incentive Program. Therefore, FAR 52.226-1, "Utilization of Indian Organizations and Indian-Owned Economic Enterprises" is hereby incorporated into all active DOD prime contracts at Boeing.

In accordance with DFAR 219.708, the following regulations are considered not applicable to this plan: FAR 52.219-9, "Small Business Subcontracting Plan"; FAR 52.219-10, "Incentive Subcontracting Program"; FAR 52.219-16, "Liquidated Damages Subcontracting Plan"; and DFARS 252.219-7003, "Small, Small



Disadvantaged and Women-Owned Small Business Subcontracting Plan (DOD Contracts).

Consistent with Section 402 of the U.S. Small Business Administration Reauthorization and Amendment Act of 1990, Public Law 101-574, Liquidated Damages, shall not apply to the test program. DAR Case 90-336 dated March 4, 1991, deletes DFARS 252.219-7016 and the application of liquidated damages to the test program in accordance with the public law.

## **10. DEFINITIONS**

### **10.1 SMALL BUSINESS CONCERN**

As used in this plan, the term "small business concern" shall mean a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in 13 CFR Part 121.

Such a concern is "not dominant in its field of operation" when it does not exercise a controlling or major influence on a national basis in a kind of business activity in which a number of business concerns are primarily engaged. In determining whether dominance exists, consideration shall be given to all appropriate factors, including volume of business, number of employees, financial resources, competitive status or position, ownership or control of materials, processes, patents, license agreements, facilities, sales territory, and nature of business activity.

"Concern" means any business entity organized for profit (even if its ownership is in the hands of a nonprofit entity) with a place of business located in the United States and which makes a significant contribution to the U.S. economy through payment of taxes and/or use of American products, material and/or labor, etc. "Concern" includes but is not limited to an individual, partnership, corporation, joint venture, association, or cooperative. For the purpose of making affiliation findings any business entity, whether organized for profit or not, and any foreign business entity, i.e., any entity located outside the United States, shall be included.

### **10.2 HUBZone Small Business Concern**

As used in this Comprehensive Subcontracting Plan, the term "HUBZone small business concern" shall denote a small business concern that appears on the List of Qualified HUBZone Small Business Concerns maintained by the SBA. The SBA established the following criteria for small businesses to qualify for the HUBZone program: it must be located in a "historically underutilized business zone," it must be owned



and controlled by one or more U.S. Citizens, and at least 35% of its employees must reside in a HUBZone.

The term "HUBZone" refers to a historically underutilized business zone, which is an area located within one or more qualified census tracts, qualified non-metropolitan counties, or lands within the external boundaries of an Indian reservation.

### **10.3 SMALL DISADVANTAGED BUSINESS CONCERN**

In accordance with FAR 19.001(2), the term "small disadvantaged business concern" means a small business concern that is at least 51% unconditionally owned by one or more individuals who are both socially and economically disadvantaged and that has its management and daily business controlled by one or more such individuals. Or, it means a publicly owned business that has at least 51% of its stock unconditionally owned by one or more socially and economically disadvantaged individuals that also has its management and daily business controlled by one or more such individuals. The term "small disadvantaged business concern" shall also include historically Black colleges and universities and minority institutions.

Black Americans, Asian Pacific Americans, Hispanic Americans, Native Americans and Subcontinent Asian Americans are presumed to be socially disadvantaged. All individuals must have a net worth of less than \$750,000, excluding the value of the business and personnel residence, in order to be considered economically disadvantaged.

For government solicitations issued on or after October 1, 1999, an SDB must be certified as such by the Small Business Administration unless this requirement is amended during the course of this plan. The SDB performance data reported under this plan will reflect only those concerns certified as SDB's for work performed on government solicitations issued on or after October 1, 1999.

### **10.4 WOMEN-OWNED SMALL BUSINESS CONCERN**

As used in this plan, the term "women-owned small business concern" means a small business concern that is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51% of the stock of which is owned by one or more women; and whose management and daily business operations are controlled by one or more women.

### **10.5 HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU's)**

As used in this plan, the term "historically Black colleges and universities" means institutions with a principal mission that was and is the education of Black Americans and that meet the requirements prescribed by the Secretary of



Education at 34 CFR 608.2. The term also means any nonprofit research institution that was an integral part of such a college or university before November 14, 1986.

## **10.6 MINORITY INSTITUTIONS (MI's)**

As used in this plan, the term "minority institutions" means institutions that meet the requirements of section 1046(3) of the Higher Education Act of 1965 (20 U.S.C. 1135d-5(3)). The term also includes Hispanic-serving institutions as defined in Section 316(b)(1) of such Act (20 U.S.C. 1059c(b)(1)).

## **11. SIZE/STATUS REPRESENTATION**

The Boeing Company acting in good faith relies on written representations by subcontractors regarding their status as a SB, SDB, WOSB and HBCU/MI. For government solicitations issued on or after October 1, 1999, SDB's shall submit a copy of their SBA certification or PRO-Net profile showing certification date(s) unless the requirement is amended during the course of this plan.

HUBZone Small Businesses (HSB's) must be certified as such by the SBA. A copy of their SBA certification or PRO-Net profile showing certification date(s) shall be submitted as evidence of their certification.

Notice is provided to subcontractors concerning penalties for misrepresentations of business status for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the contractor's subcontracting plan.

## **12. RESPONSIBLE CORPORATE INDIVIDUAL**

The individual responsible for the administration of the companywide Supplier Diversity Programs is the Socioeconomic Executive. The Socioeconomic Executive will appoint a Supplier Diversity Programs Director. The Supplier Diversity Programs Director will:

- a. Advise and assist group, business unit, and subsidiary organizations on SB, HSB, SDB, WOSB and HBCU/MI matters and coordinate all activities requiring uniform handling.
- b. Assist in the establishment of internal company goals.
- c. Coordinate the development and establishment of company DOD subcontracting percentage goals and corresponding dollar estimates and selected industry category subcontracting goals utilized in the DOD Comprehensive Small Business, Small Disadvantaged Business and Women-Owned Small Business Subcontracting Plan.
- d. Represent all Boeing groups, business units, and subsidiaries on all DOD inquiries pertaining to the DOD Comprehensive



Small Business, Small Disadvantaged Business and Women-Owned Small Business Subcontracting Plan to ensure proper coordination in matters relative to this subject.

- e. Establish report formats and due dates for submission of group, business unit, and subsidiary organization reports.
- f. Prepare and submit required quarterly reports on an aggregate companywide basis to the DOD.
- g. Prepare and submit a quarterly report to the Chairman and Chief Executive Officer and the President/General Manager of each group, business unit or subsidiary.
- h. Sponsor programs to assist small businesses, small disadvantaged businesses, women-owned small businesses, historically Black colleges and universities and minority institutions to gain introduction to all appropriate procurement organizations.

### **13. RESPONSIBLE PLAN INDIVIDUAL**

The Comprehensive Small Business, Small Disadvantaged Business and Women-Owned Small Business Subcontracting Plan suspends the requirement for preparation of individual prime contract small business, small disadvantaged business, and women-owned small business subcontracting plans. As a result, responsibility for subcontract award performance on DOD prime contracts will be coordinated under the direction of each group, business unit, or subsidiary program manager. Program managers and supplier management and procurement managers will:

- a. Ensure that "make or buy" decisions include adequate and timely consideration of the potentialities of SB's, HSB's, SDB's, WOSB's and HBUC/MI's.
- b. Ensure that bidders lists for competitively bid items include, to the maximum extent practicable, SB's, HSB's, SDB's, WOSB's and HBCU/MI's when such capability or requirement exists.
- c. Ensure that requests for quotation are prepared in a manner that facilitates opportunity for SB's, HSB's, SDB's, WOSB's and HBUC/MI's. For example, establish supplier submittal deadlines that allow adequate time for bid preparation, structure solicitations in a clear, straight-forward format, and ensure that delivery schedule lead times and quantities demanded on the requirement are within the capabilities of the concerns included on the bid list. Reasonable effort will be made to give all known potential bidders an opportunity to compete over a period of time.
- d. Ensure that technical assistance is provided to small disadvantaged businesses as needed to facilitate their performance on existing subcontracts or to help high-



potential small disadvantaged businesses become qualified for future subcontract opportunities. Examples of technical assistance efforts that may be provided are included in this document under Section 16, "Technical Assistance".

- e. Monitor and motivate personnel responsible to support the Supplier Diversity Programs.
- f. On an annual basis, prepare and submit fiscal year subcontract awards program goals and industry category program goals to higher-level management for subsequent inclusion in the corporate subcontract award and industry category goals.
- g. Track actual DOD subcontract percentage performance against annual percentage goals, address all significant deviations, and implement any adjustments necessary. Performance shall be reported to the Company Supplier Diversity Programs Office on a quarterly basis.

#### **14. EFFORTS TO PROVIDE EQUITABLE OPPORTUNITY TO SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESSES**

Boeing has an established Supplier Diversity Program aimed at maximizing subcontracting opportunities for small businesses, small disadvantaged businesses and women-owned small businesses. The key elements of these programs include:

- a. A companywide policy on supplier diversity that includes small, small disadvantaged and women-owned small business concerns, and historically Black colleges and universities-minority institutions.
- b. A companywide procedure on supplier diversity that defines the roles and responsibilities of the socioeconomic executive; program director, president or general manager of each group, business unit and subsidiary; and supplier diversity administrator.
- c. Group, business unit, and subsidiary level operating procedures.
- d. Program liaison officers and managers at the group, business unit and subsidiary levels. Program administrators at the program and procuring activity level.
- e. Internal SB, SDB and WOSB utilization goals.
- f. An introductory system to assist SB, SDB and WOSB concerns to gain introduction into the Boeing procurement process. The introductory information is available on the Boeing home page.
- g. Training covering Boeing Supplier Diversity Programs.



- h. A corporate SB, SDB and WOSB newsletter. The newsletter is also available on the Boeing home page.
- i. A companywide directory of buyers which is made available to SB's, HSB's, SDB's and WOSB's during the introductory process. The directory of buyers is available on the Boeing home page.
- j. Annual corporate awards to both the outstanding SB and SDB supplier of the year. These awards are presented by the Chairman/Chief Executive Officer of The Boeing Company.
- k. Corporate membership in the National Minority Supplier Development Council (NMSDC) and its regional councils. Use of the NMSDC and regional councils as sources for locating minority-owned businesses.
- l. Corporate membership in the National Association of Women Business Owners (NAWBO) and its regional chapters. Use of the NAWBO and regional councils as sources for locating WOSB firms.
- m. One million dollar investment in the NMSDC Business Consortium Fund (BCF). The BCF provides contract financing to certified ethnic minority businesses across America through a network of local participating certified lending banks and regional councils.
- n. Availability of personnel to counsel and discuss subcontracting opportunities with representatives of SB, SDB and WOSB firms.
- o. Utilization of the U.S. Small Business Administration's Procurement Marketing and Access Network (PRO-Net) to identify SB's, SDB's and WOSB's for inclusion in bidder's lists. Availability of official PRO-Net Access Network Stations at some sites for usage by SDB's.
- p. Participation in business opportunity conferences nationwide in order to identify and assist in the introduction of SB's, SDB's and WOSB's.

## **15. RESTRICTED COMPETITION**

Ensure that efforts are made to restrict competition solely to SDB concerns as needed to maximize opportunities toward the achievement of goals. Restricted competition may be utilized when awards can be made at reasonable prices and when products or services can be obtained from a restricted market without adding unreasonable quality or schedule risks.

## **16. PUBLICITY**

The Boeing Company believes the key elements listed in Section 14 above constitute a diverse, far-reaching approach to publicizing



subcontracting opportunities for SB, HSB, SDB and WOSB concerns. We expect the implementation of the DOD Comprehensive Subcontracting Plan Test Program to further enable all personnel involved in the Supplier Diversity Programs to intensify their efforts in each of these elements resulting in increased SB, SDB and WOSB subcontract award performance.

## **17. TECHNICAL ASSISTANCE**

While it is Boeing purchasing policy to deal only with qualified suppliers, those SB's, HSB's, SDB's and WOSB's, and HBCU/MI's that have significant potential may be given non-financial assistance to become qualified. For example, technical assistance can be provided on an as-needed basis to facilitate the performance of subcontracts with SDB's or to help high-potential SDB's become qualified suppliers.

Examples of the technical assistance efforts that may be provided to SDB concerns are as follows:

- a. Provide engineering consultation and assistance prior to and during all stages of a subcontracting activity.
- b. Survey supplier quality assurance systems and lend support to bring deficient systems into compliance with Boeing and government requirements.
- c. Lend the support of skilled manufacturing specialists.
- d. Offer Boeing publications such as sample quality assurance documents, listings of approved process sources, test procedure manuals, proposal preparation guides, etc.
- e. Review supplier operations and processes such as production control systems, reporting systems, cost accounting systems, configuration management systems, etc., and lend support to ensure compliance with Boeing and government requirements.
- f. Offer training in the area of continuous quality improvement.
- g. Review, assist, and approve supplier CAD/CAM systems.
- h. Identify deficiencies in supplier proposals and provide consultation to promote future competitiveness.
- i. Dispatch resident teams to the supplier's facility.

## **18. GOAL METHODOLOGY**

Each June, the Company Supplier Diversity Programs Office requests all Boeing groups, business units and subsidiaries to provide their DOD subcontract awards forecast for the upcoming fiscal year. Each in turn flows this requirement down to the program level.



Responsibility for developing fiscal year percentage goals and corresponding dollar forecasts begins with each individual program. Each program develops a subcontract awards forecast based on award opportunities (fund limited) expected to occur in the fiscal year. Program fiscal year goals are aggregated with other program forecasts and flowed up to the next level of management. At every level, forecasts developed become organizational goals for each quarter and the fiscal year. Actual performance is measured against these goals each quarter; deviations are investigated and corrective actions implemented.

At the company office, all of the group and business unit forecasts are aggregated and companywide small business, small disadvantaged business and women-owned small business percentage goals are established. These goals are submitted to the Corporate Administrative Contracting Officer around August 16th of each year.

## **19. INDIRECT AND OVERHEAD COSTS**

The subcontracting plan percentage goals and selected industry category goals submitted annually do not include a proportionate share of products or services whose costs are normally allocated as indirect or overhead costs. However, Standard Form (SF) 295's submitted to the DOD each quarter by Boeing do include indirect or overhead allocations. Indirect and overhead costs are allocated proportionally across direct award commitments of the same business type (e.g., small, large, small disadvantaged business) for each agency/business category (e.g. DOD, NASA, commercial, etc.). For example, if DOD direct dollars represented 65% of the subcontract work and commercial direct dollars represented 35%, indirect and overhead would be allocated proportionally on that basis.

## **20. CORPORATE SMALL BUSINESS, SMALL DISADVANTAGED BUSINESS AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACT AWARD GOALS**

Due to the volatility and fluidity of the current defense industry, forecasts of DOD business activity are subject to many unpredictable fluctuations. In order to ensure a more accurate and timely forecast, The Boeing Company will submit fiscal year subcontract award goals to the contracting officer as an annual supplement to the Comprehensive Plan. Annual supplements will be incorporated herein as Exhibit 1999 for Fiscal Year 1999 and Exhibit 2000 for Fiscal Year 2000.

Data submitted in the annual supplement will include: (1) Estimated Total Subcontract Awards, (2) Estimated SB Subcontract Awards, (3) SB Subcontract Award Percentage Goal, (4) Estimated SDB Subcontract Awards, (6) SDB Subcontract Awards Percentage Goal, (7) Estimated WOSB Subcontract Awards, and (8) WOSB Subcontract Awards Percentage Goal. Estimated Total, SB, HSB, SDB and WOSB Subcontract Awards will be included in the annual supplement for goal rationale purposes only. The FY 2000 supplement will include an HSB Subcontract Awards Percentage Goal.

SB, HSB, SDB and WOSB subcontract awards performance shall be measured at the end of the fiscal year by comparing the SB, HSB,



SDB and WOSB subcontract award achievement percentage actuals as reported in the fiscal year-end SF 295 to percentage goals proposed in the annual exhibit.

## **21. SELECTION OF INDUSTRY CATEGORIES FOR SMALL BUSINESS, SMALL DISADVANTAGED BUSINESS, AND WOMEN-OWNED SMALL BUSINESS DEVELOPMENT**

As part of the Comprehensive Subcontracting Plan, Boeing will select specific industry categories that have not historically been made available to SB's, SDB's and WOSB's. For the length of the DOD Comprehensive Subcontracting Plan Test Program, Boeing will focus on developing SB's, SDB's and WOSB's in these categories. Boeing will select specific industry categories that provide potential opportunity for development.

Data submitted in the SF 295 supplement will include: (1) estimated and actual total subcontract awards, (2) estimated and actual SB, SDB and WOSB subcontract awards, and (3) SB, SDB and WOSB subcontract award percentage goals and actuals. Data Items (1), (2) and (3) will be submitted for each of the industry categories proposed. Percentage goals and actuals will be derived by dividing subcontracts awarded to SB's, SDB's and WOSB's in an industry category by the total subcontracts awarded in that industry category. For FY 2000, data submitted in the SF 295 supplement will include HSB subcontract award actuals.

## **22. FLOW-DOWN REQUIREMENTS TO SUBCONTRACTORS**

The Boeing Company agrees to incorporate the "Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns" clause of FAR 52.219-8 in all non-commercial item subcontracts that offer further subcontracting opportunities. Also, Boeing requires all subcontractors (except SB concerns and commercial item subcontractors) who receive subcontracts in excess of \$500,000; or in the case of a contract for construction of any public facility, \$1 million, to adopt a plan similar to the plan required by the clause of FAR 52.219-9, "Small Business Subcontracting Plan" (Jan 1999). The Boeing method for assuring that subcontractors do adopt a plan is to incorporate a clause in applicable Boeing requests for quotation similar to the clause shown below:

SMALL BUSINESS, SMALL DISADVANTAGED BUSINESS AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN CERTIFICATE OF COMPLIANCE

Successful offeror shall, prior to contract award, submit an executed copy of the "Small Business, Small Disadvantaged Business and Women-Owned Small Business Subcontracting Plan Certificate of Compliance" included as part of this solicitation. Information necessary to complete the certificate will be provided by the buyer.

A copy of the "Small Business, Small Disadvantaged Business and Women-Owned Small Business Subcontracting Plan Certificate of



Compliance" must be included with each request for quotation. The buyer must provide the successful offeror with the information necessary to complete the Certificate of Compliance and receive the dated certificate prior to contract award.

## **23. PROGRESS REVIEWS**

As stated in the Abstract, Section 834 of Public Law 101-189, as amended, required DOD to establish a test program to determine whether comprehensive subcontracting plans on a corporate, division, or plant-wide basis will reduce administrative burdens while enhancing subcontracting opportunities SB, SDB and WOSB concerns. The Boeing Company agrees to selected program reviews of its companywide subcontracting performance consistent with the review baseline conducted to date under the Test Program and future scheduled Contractor Purchasing System Reviews. Additional review effort will be coordinated and approved by the Assistant Director of Small Business, DCMC-Seattle, consistent with Public Law and pertinent policy. This agreement shall not be construed as restricting Government access to relevant data as provided for by Public Law.

The Boeing Company implemented its Comprehensive Subcontracting Plan on a companywide basis and its performance will be evaluated on a companywide basis. Therefore, the individual program reviews shall be conducted utilizing a standardized process that focuses on the efforts and initiatives undertaken by the program to enhance opportunities for SB, SDB and WOSB concerns rather than focusing on the specific dollars or percentages of each program's subcontracting performance. The specific goals negotiated in Exhibit 1999 and 2000 for SB, SDB and WOSB are good faith efforts. The parties recognize that prime contracting opportunities, program schedules, technological/financial capabilities, customer-directed sources and a myriad other factors affect performance in each business size category.

Additional customer requests for data and reviews deviating from the intent of the DOD Test Program and this plan shall be submitted in writing to Boeing by the Assistant Director of Small Business, Defense Contract Management Command-Seattle.

## **24. REPORTS AND SURVEYS**

On a quarterly basis, The Boeing Company will submit SF 295, "Summary Subcontract Report", to the DOD focal point, the Assistant Director of Small Business, Defense Contract Management Command-Seattle, in accordance with instructions on the form and DFARS 252.219-7004, "Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (Test Program)". Information provided on this form meets the requirements specified in the DOD Test Program Instructions, Section V.C.6. In accordance with supplemental SF 295 instructions contained in DFARS 252.219-7004, the following exceptions will be adhered to:



- a. Boeing will include in Item 16 or an enclosure annual corporate SB, SDB and WOSB subcontract award dollar estimates and corresponding percentage goals for DOD subcontract awards.
- b. Boeing will include in Item 16 or an enclosure annual corporate SB, SDB and WOSB subcontract award dollar estimates and corresponding percentage goals for the four industry categories selected under this comprehensive plan.

NOTICE: The Boeing Company is exempt from the requirement to submit SF 294's, "Subcontracting Report for Individual Contracts", and individual subcontracting plans for all DOD prime contracts and subcontracts during the DOD test program (FY 1991 through FY 2000).

## 25. RECORDS

The following records will be maintained:

- a. Source lists, guides, and other data that identifies small and small disadvantaged business concerns.
  - (1) Internet access to PRO-Net.
  - (2) Supplier introductory system -- Supplier profiles are retained by the Company Supplier Diversity Programs Office and by group and business unit supplier diversity administrators.
  - (3) Other industry and trade association SB, SDB and WOSB databases, source lists and directories. A number of directories are retained by the Company Supplier Diversity Programs Office in addition to directories maintained by group and business unit administrators.
- b. Organizations contacted in an attempt to locate sources that are SB, SDB and WOSB concerns.
- c. Records of each subcontract solicitation resulting in an award of more than \$100,000 which indicate:
  - (1) Whether SB's were solicited; and if not, why not?
  - (2) Whether SDB's were solicited; and if not, why not?
  - (3) Whether WOSB's were solicited; and if not, why not?
  - (4) If applicable, the reason the award was not made to a SB, SDB or WOSB concern.
- d. Records of any outreach efforts to contact:



- (1) Trade associations
  - (2) Business development organizations
  - (3) Conferences and trade fairs to locate SB, SDB and WOSB sources. A companywide list is maintained by the Company Supplier Diversity Office.
- e. Records to support internal guidance and encouragement provided to buyers through workshops, seminars, training, etc., and monitoring performance to evaluate compliance with program requirements.
- f. On a contract-by-contract basis, records to support award data submitted by the offeror to the government including the name, address, and business size of each subcontractor.

## **26. BOEING COMPREHENSIVE SUBCONTRACTING PLAN - SPECIAL REQUIREMENTS**

### ***26.1 Program Termination Transition Plan***

Upon termination of the DOD Comprehensive Subcontracting Plan Test Program, Boeing shall negotiate and establish individual subcontracting plans on all new DOD contracts and modifications to existing DOD contracts involving new work (require a Justification and Approval, FAR 6.3) that otherwise meet the requirements of Section 211 of Public Law 95-507. DOD prime contracts awarded prior to termination of the DOD Comprehensive Subcontracting Plan Test Program, shall remain exempt from the requirement for an individual subcontracting plan and SF 294 reporting for the life of the contract.

In the remote possibility that The Boeing Company is expelled from the Comprehensive Plan Test Program prior to official DOD program termination, The Boeing Company will require twelve months from formal notification of expulsion to re-negotiate individual subcontracting plans on all DOD contracts that otherwise meet the requirements of Section 211 of Public Law 95-507.

### ***26.2 Changes in Subcontractor Base***

The Boeing Company goals for awards of subcontracts to SB, SDB and WOSB concerns have been established for its entire business operation in support of all DOD contracts regardless of dollar amount. The percentage goals are based on fund limited dollars in Fiscal Year 1999 and Fiscal Year 2000 ("Projected Subcontractor Base").

In the event the Projected Subcontractor Base changes substantially due to program terminations or delays, the acquisition of new business, or for any other reason during a given fiscal year, a supplement to the current fiscal year



exhibit will be submitted at the next quarterly review reflecting revised goals and initiatives based upon the changes that occurred to more accurately reflect the business opportunities available for SB, SDB and WOSB concerns.

The quarterly SF 295 will set forth both the exhibit goals and the exhibit supplement goals. The purpose of this provision is to provide to reviewers of this test program adequate information to evaluate changes that occur in the Boeing business base and the effect of these changes on SB, SDB and WOSB subcontracting opportunities.



## EXHIBIT 1999 - FISCAL YEAR 1999

### TABLE OF CONTENTS

|  | Page      |
|--|-----------|
| <b>1. FY 1999 COMPANYWIDE DOD SB, SDB, AND WOSB PERCENTAGE GOALS, ESTIMATED SUBCONTRACTING DOLLARS, AND RATIONALE SUPPORTING THE FORECAST .....</b>                                  | <b>27</b> |
| <b>1.1 Companywide Percentage Goals and Estimated Subcontracting Dollars.....</b>  | <b>27</b> |
| 1.1.1 Development Process .....  | 27        |
| 1.1.2 FY 1999 Goals .....  | 28        |
| <b>1.2 Rationale Supporting the DOD Forecast, Company Organization and Organizational Forecasts .....</b>  | <b>28</b> |
| 1.2.1 Goal Rationale.....  | 28        |
| 1.2.2 Organization.....  | 29        |
| 1.2.3 Organizational Procurement Forecast.....   | 29        |
| 1.2.3.1 Military Aircraft and Missile Systems Group (MAMS).....  | 29        |
| 1.2.3.2 Space and Communications Group (S&C) .....   | 32        |
| <b>2. Fiscal Year 1999 Specific Industry Category SB, SDB and WOSB Percentage Goals, Estimated Subcontracting Dollars, and Rational Supporting the Industry Category Goals .....</b> | <b>34</b> |
| 2.1 Composite Fabrication .....  | 35        |
| 2.2 Tooling.....   | 36        |
| 2.3 Engineering Studies and Analysis .....   | 36        |
| 2.4 Electrical Purchased Parts.....  | 37        |
| <b>3. Fiscal Year 1999 Companywide DOD SB, SDB, and WOSB Program Initiatives.....</b>  | <b>37</b> |
| 3.1 Increase participation over FY 1998 SDB/WOSB Subcontracting Goals .....  | 38        |
| 3.2 HBCU/MI Initiatives .....  | 38        |
| 3.2.1 Background .....   | 38        |
| 3.2.2 Initiative.....  | 39        |
| 3.3 Enhancement of High-Technology SDB Opportunities.....  | 39        |
| 3.3.1 Background .....   | 39        |
| 3.3.2 Initiative.....  | 40        |
| 3.4 Native American Initiative .....   | 41        |
| 3.5 Webpage Initiative.....  | 41        |
| 3.6 Mentor-Protégé Initiative.....   | 41        |
| 3.6.1 Background .....   | 41        |
| 3.6.2 Initiative.....  | 42        |
| <b>4. Policies and Procedures .....</b>  | <b>42</b> |
| <b>5. Corporate Administrative Contracting Officer Approval of FY 1999 Exhibit 1999.....</b>   | <b>43</b> |



Exhibit 1999 provides those elements of the plan that are peculiar to Fiscal Year (FY) 1999. It incorporates the procurement and initiative activities of the entire Boeing Company. Exhibit 1999, which addresses FY 1999 goals, narrative, and initiatives; is hereby incorporated as part of Document D180-32721-3.

Exhibit 1999 contains five sections as follows:

1. FY 1999 companywide DOD small business (SB), small disadvantaged business (SDB), and women-owned SB (WOSB) subcontracting percentage goals, estimated subcontracting dollars, and rationale supporting the forecast.
2. FY 1999 specific industry category SB, SDB, WOSB percentage goals, estimated subcontracting dollars, rationale supporting industry category goals.
3. FY 1999 companywide DOD SB, SDB, and WOSB Program initiatives.
4. Policies and Procedures
5. Corporate Administrative Contracting Officer (CACO) approval of Exhibit 1999.

**1. FY 1999 COMPANYWIDE DOD SB, SDB, AND WOSB PERCENTAGE GOALS, ESTIMATED SUBCONTRACTING DOLLARS, AND RATIONALE SUPPORTING THE FORECAST**

***1.1 Companywide Percentage Goals and Estimated Subcontracting Dollars***

**1.1.1 Development Process**

The development process for establishing the goals focuses on the front end of the business where critical decisions are made regarding acquisition strategy, design and development. Each program manager establishes annual operating unit subcontracting goals based upon total planned material dollars to be procured. This ensures that the goals are realistic, clearly understood by the various levels of management, and that those persons responsible for acquisition decisions "own" the SB/SDB/WOSB utilization process. It should be noted that Delta IV DOD subcontracting activity is not included in the FY 1999 estimates since DOD will not announce their expected activity until the end of FY 1999.



### 1.1.2 FY 1999 Goals

FY 1999 companywide SB/SDB/WOSB subcontracting goals have been prepared in accordance with Sections 17, 18, and 19 of the approved Boeing Company Comprehensive Plan, Document Number D180-32721-3. Subcontracting dollars shown below represent FY 1999 DOD-projected funding. The percentages represent Boeing's goals, they do not reflect percentages of the estimated subcontracting dollars.

|                                     |                  |
|-------------------------------------|------------------|
| Estimated Total Subcontract Dollars | \$ 4,462,925,633 |
| Estimated SB Subcontract Dollars    | \$ 782,593,242   |
| <b>SB Percentage Goal</b>           | <b>23.0%</b>     |
| Estimated SDB Subcontract Dollars   | \$ 172,121,557   |
| <b>SDB Goal</b>                     | <b>5.0%</b>      |
| Estimated WOSB Subcontract Dollars  | \$ 62,387,307    |
| <b>WOSB Percentage Goal</b>         | <b>3.5%</b>      |

## 1.2 ***Rationale Supporting the DOD Forecast, Company Organization and Organizational Forecasts***

### 1.2.1 Goal Rationale

FY 1999 is the second year in a new era for The Boeing Company due to merger activities with the former Rockwell International aerospace and defense businesses and the former McDonnell Douglas Corporation. Strategic planning initiatives focusing on single common processes to ensure continued increases in SB/SDB/WOSB subcontracting opportunities will be a major challenge. As a result of the recent mergers, The Boeing Company acquired several large-dollar programs that have little SB/SDB/WOSB subcontracting opportunities.

For example, the F/A-18 Program represents a significant portion of all Boeing DOD subcontracting opportunities. Northrop Corporation is the principal subcontractor to the Military Aircraft & Missile Systems Group for major systems including the center fuselage, centerline pylons, aft fuselage, and vertical stabilizers. Program projections for FY 1999 show the subcontract base at \$1,103.2 million with \$694.6 million (63.0%) to Northrop.



The C-17 is another program that has little opportunity for SB/SDB/WOSB subcontracting. The majority of subcontracts are restricted due to proprietary issues or non-repetitive costs, or are customer-directed; hence there is limited opportunity for subcontracting to SB/SDB/WOSB concerns.

The F/A-18 and C-17 Programs' impact on SB/SDB/WOSB subcontracting was considered during development of the FY 1999 DOD Comprehensive Subcontracting Plan goals. Also considered was the historical subcontracting performance of The Boeing Company and the former McDonnell Douglas Corporation.

### **1.2.2 Organization**

The DOD FY 1999 forecast is based upon the current organization of groups, business units, and subsidiaries. This organizational structure and the programs within each organization may change during the transition stage.

The Military Aircraft and Missile Systems Group and the Space and Communications Group provide the majority of the DOD subcontracting for The Boeing Company.

### **1.2.3 Organizational Procurement Forecast**

Each group's projected FY 1999 DOD activity is summarized below:

#### **1.2.3.1 Military Aircraft and Missile Systems Group (MAMS)**

MAMS represents 85.4% of the total dollar forecast with 80.9% of the SB dollars, 75.5% of the SDB dollars, and 72.3% of the WOSB dollars. MAMS's forecast is based on procuring activity at nine locations and one research & development organization.

##### **a. St. Louis, MO**

St. Louis represents 50.4% of the MAMS total dollar forecast. The total subcontract base for the St. Louis activity decreased approximately 13.0%. The reduction is primarily due to the phasing out of the F/A-18 C/D model aircraft. The St. Louis SB forecast is 14.8%, SDB is 3.6% and WOSB is 0.6%. Programs supported by St. Louis include the F/A-18, Production Operations,



Production Aircraft, Aerospace Support, Missiles, And Spares.

b. Long Beach, CA

This organization represents 25.3% of the MAMS total dollar forecast with 15.5% SB dollars, 2.9% SDB dollars, and 1.4% WOSB dollars. Long Beach designs, develops, tests, and manufactures transport and tanker aircraft such as the C-17.

c. Mesa, AZ

Mesa represents 6.1% of the MAMS total dollar forecast with 26.0% SB dollars, 6.0% SDB dollars, and 3.5% WOSB dollars. Programs supported by Mesa include the Apache Longbow Remanufacturing Effort and the UK and Netherlands Apache Production Effort.

d. Philadelphia, PA

This organization represents 3.6% of the total MAMS dollar forecast with 20.3% SB, 2.2% SDB and 1.9% WOSB dollars. Philadelphia supports the RAH-66, V-22, AH-64 Apache, CH-47, CH-46 Spares, and CH-46 Dynamic Component Upgrade programs.

e. Seattle, WA

Seattle represents 3.5% of the total MAMS dollar forecast with 14.7% SB, 1.9% SDB, and 0.8% WOSB dollars. The Seattle organization provides support to the B-1B, B-2, F-22, Joint Strike Fighter, and Conventional Air Launched Cruise Missile programs as well as the Military Airplane Division Advanced Projects.

f. Anaheim, CA

This organization represents 2.7% of the total MAMS dollar forecast with 16.0% SB, 1.6% SDB and 1.6% SDB dollars. Anaheim provides support for the B-1B Conventional Missions Upgrade Program Blocks D, E and F.

g. Wichita, KS

Wichita represents 2.1% of the total MAMS dollar forecast with 30.0% SB, 5.0% SDB and 3.5% WOSB dollars. This organization supports the re-engineering kit fabrication and



assembly/installation, fleet support, enhanced tanker performance, weapons integration, mission planning, and rotary launcher programs. Additionally, Wichita is responsible for the Multipoint Refueling System Program engineering, manufacturing and development and Kelly AFB C-17 PDM base conversion.

h. Midwest City, OK

This organization represents 1.6% of the total MAMS dollar forecast with 17.1% SB, 2.2% SDB and 1.8% WOSB dollars. Midwest City provides contractor logistics support to the E-6, T-43, E-4B, and Minute Man/Peacekeeper programs. This site also provides engineering services under the Special Air Mission umbrella and E-3 mission crew training and interim support.

i. Duluth, GA

Duluth represents 1.0% of the total MAMS dollar forecast with 17.0% SB, 1.1% SDB and 0.2% WOSB dollars. The Duluth organization provides support to Standoff Weapon System, Millimeter Wave Seeker, Hellfire/Longbow Launcher, Hellfire Missile, Brimstone Advanced Anti-armory Weapon, Fasthawk Low Cost Cruise Missile, Small Low-Cost Interceptor Device and Conventional Air Launched Cruise Missile programs.

j. Tulsa, OK

This organization represents 0.3% of the total MAMS dollar forecast with 54.6% SB, 5.0% SDB and 3.8% WOSB dollars. The Tulsa organization provides support for the B1B, Joint Strike Fighter, Tier II unmanned aerial vehicle, E-3 AWACS, 767 AWACS, KC/RC-135, B-52, Avenger and innovative research and development.

k. Phantom Works

The Phantom Works' primary objective is to improve the enterprise's competitive position through innovative technologies, improved processes, and creation of new products. The organization will focus on affordability, quality and product performance improvements.

Phantom Works represents 3.3% of the MAMS total dollar forecast, with 20.8% SB, 4.6% SDB and 1.5%



WOSB dollars. This unit focuses on Independent Research and Development (IRAD) and Contract Research and Develop (CRAD) effort. Therefore, opportunities exist for high technology research and development companies.

### **1.2.3.2 Space and Communications Group (S&C)**

S&C represents 14.6% of the total dollar forecast, with 19.1% of the SB dollars, 24.5% of the SDB dollars and 27.7% of the WOSB dollars. S&C's forecast is based on procuring activity at nine locations and one subsidiary organization.

#### **a. Boeing Information Services (BIS)**

BIS is a subsidiary based in Vienna, VA. BIS represents 25.3% of the total S&C dollar forecast with 22.5% SB, 13.4% SDB and 3.4% WOSB dollars. BIS supports the Reserve Component Automation System.

#### **b. Seattle, WA**

The Seattle facility represents 20.5% of the total S&C dollar forecast with 5.3% SB, 1.6% SDB and 0.2% WOSB. This organization provides support for the AWACS programs.

#### **c. Downey, CA**

Downey represents 17.7% of the total S&C dollar forecast with 18.4% SB, 2.3% SDB and 0.8% WOSB Dollars. These forecasts reflect the impact of the National Missile Defense-Lead System Integrator (NMD-LSI) contract. The NMD-LSI requirements for main systems integrators, subsystem elements, sensors, interceptors, radars, and command and control functions resulted in reduced opportunities for SDB's and WOSB's. Downey also provides support to the global positioning system, exoatmospheric kill vehicle, space-based infrared system and low altitude demonstration system.

#### **d. Anaheim, CA**

Anaheim represents 14.3% of the total S&C dollar forecast with 29.7% SB, 2.5% SDB and 2.7% WOSB dollars. Anaheim provides support to the Patriot Advanced Capability, Gyro Compass Automatic Test



Station, Minuteman III Guidance Replacement, ICBM Prime Integration and National Missile Defense. Several of these programs are mature, follow-on procurements. As a result, the majority of the subcontracting will be accomplished by established LB suppliers.

e.     Huntington Beach, CA

This organization represents 12.1% of the total S&C dollar forecast with 36.0% SB, 9.4% SDB and 6.0% WOSB dollars. Huntington Beach supports the Delta II, Delta IV/EELV, advanced integrated systems and Monrovia. Please note that the Monrovia facility is planned for closure during FY 1999. Monrovia activity will be distributed throughout the company with the majority moving facilities located in the state of Texas.

f.     Huntsville, AL

This organization represents 3.9% of the total S&C dollar forecast with 20.4% SB, 5.9% SDB and 3.5% WOSB dollars. Huntsville supports the Avenger and Bradley programs.

h.     Canoga Park, CA

Canoga Park represents 3.5% of the total S&C dollar forecast with 48.2% SB, 5.7% SDB and 8.2% WOSB dollars. Programs supported by Canoga park include the Peacekeeper, lasers, engineering components and Delta II Pst. Sps.

f.     Corinth, TX

This organization represents 1.9% of the total S&C dollar forecast with 63.9% SB, 11.5% SDB and 2.5% WOSB dollars. Corinth provides electrical support and electronic components to various DOD programs.

i.     Albuquerque, NM

The Rocketdyne organization represents 0.8% of the total S&C dollar forecast with 73.1% SB, 28.8% SDB and 2.9% WOSB dollars. Rocketdyne provides research and development in support of the U.S. Air Force.



j. Sunnyvale, CA

This organization represents 0.04% of the total S&C dollar forecast with 60.0% SB, 5.0% SDB and 5.5% WOSB dollars. Sunnyvale provides support to various DOD programs.

**2. Fiscal Year 1999 Specific Industry Category SB, SDB and WOSB Percentage Goals, Estimated Subcontracting Dollars, and Rational Supporting the Industry Category Goals**

FY 1999 industry category SB, SDB, and WOSB subcontracting goals have been prepared in accordance with Sections 17, 18, and 20 of the approved Comprehensive Plan, Document Number D180-32721-3. The tooling and composite fabrication categories were established by the pre-merger (heritage) Boeing Company at the beginning of the Industry Category Initiative. They were added to the former McDonnell Douglas Corporation and the former Rockwell International aerospace and defense businesses as a result of the merger.

Due to the lack of new program startups, the heritage Boeing part of the company forecasted a substantial decrease in base tooling requirements. The small amount to be purchased will be awarded to companies already in the supplier base. In many cases, there are no requirements for the specific parts which the SDB and WOSB firms are qualified to build, thus driving down percentages. For example, in FY 1998, procurement from SDB and WOSB firms was over 13.2 million dollars. FY 1999 total heritage Boeing tooling forecast is only 198,000 dollars, 168,000 of which is forecasted to go to SB's, SDB's and WOSB's. Even more dramatic is the zero forecast for composite fabrication requirements from heritage Boeing.

The bulk of the forecast tooling base and all of the composite fabrication base now resides in the former McDonnell Douglas Corporation and the former Rockwell International aerospace and defense elements of the post-merger Boeing Company. These components have only recently added these categories and therefore had not previously emphasized these areas as specific diversity program procurement targets. Realistic forecasting is based on accurate historical trend data. Therefore, since these categories had not been tracked in the non-heritage Boeing areas, no such trend data exists. In such circumstances, prudent business practices lead to conservative forecasting even when an aggressive program is in place.



The engineering studies and analysis category was also established by the pre-merger Boeing company. This category is being forecasted in FY 1999 for the first time by the new Boeing Company that includes the former McDonnell Douglas Corporation and the former Rockwell International aerospace and defense businesses. The forecasted value of this industry category significantly increased. Again, realistic forecasting is based on accurate historical trend data. In this instance no such data exists and again prudent business practices have led to conservative forecasting even though an aggressive program is in place.

Dollars reported below represent DOD authorized fund-limited amounts only. Boeing will update and maintain the existing composite list and tooling list of SDB and WOSB sources. Boeing will publish and distribute an engineering studies and analysis, and electrical purchase parts list of SDB sources. The industry category lists will be distributed to Boeing procurement personnel and our Corporate Administrative Contracting Officer.

During the transition phase, The Boeing Company will be upgrading its procurement systems and processes to capture companywide data on the industry categories. Until the systems are upgraded, performance goals and actuals for tooling, composite fabrication, engineering studies and analysis, and electrical purchase parts will partially reflect The Boeing Company's performance in each category.

## **2.1 Composite Fabrication**

|                                 |               |
|---------------------------------|---------------|
| Estimated Composite Fabrication | \$ 35,735,000 |
| Total Subcontract Awards        |               |

|                                      |              |
|--------------------------------------|--------------|
| Estimated Subcontract Awards to SB's | \$ 6,925,000 |
| <b>SB Percentage Goal*</b>           | 19.4%        |

|                                       |            |
|---------------------------------------|------------|
| Estimated Subcontract Awards to SDB's | \$ 522,000 |
| <b>SDB Percentage Goal*</b>           | 1.5%       |

|  |            |
|--|------------|
| Estimated Subcontract Awards to WOSB's | \$ 700,000 |
| <b>WOSB Percentage Goal*</b>           | 2.0%       |

\*Goals are shown as a Percentage of the Estimated Composite Fabrication Total Subcontract Awards.

The definition of composite fabrication is any process used to shape, form, or process the basic composite raw material. This includes the fabrication of channels, seal



caps, shims, fillers, spacers, jumpers, baffles, rubber blocks, floor panels, access doors, composite tooling, thermoformed polycarbonate parts, and miscellaneous machined plastics. Processing methods will include machining, molding, and water-jet cutting. Composite raw materials are defined as any material composed of two or more materials. This includes plastics, rubber, various types of glass, metal, etc.

## 2.2 Tooling

|  |               |
|--|---------------|
| Estimated Tooling Total Subcontract Awards | \$ 28,837,746 |
|--|---------------|

|                                      |               |
|--------------------------------------|---------------|
| Estimated Subcontract Awards to SB's | \$ 11,329,289 |
| <b>SB Percentage Goal*</b>           | 39.3%         |

|                                       |            |
|---------------------------------------|------------|
| Estimated Subcontract Awards to SDB's | \$ 874,594 |
| <b>SDB Percentage Goal*</b>           | 3.0%       |

|  |            |
|--|------------|
| Estimated Subcontract Awards to WOSB's | \$ 855,805 |
| <b>WOSB Percentage Goal*</b>           | 3.0%       |

\*Goals are shown as a Percentage of the Estimated Tooling Total Subcontract Awards

The definition of tooling includes the traditional areas of moldings, castings, and machined items produced out of metallics. It also includes the manufacturing of tools from composite materials, tool design, tool programming, tool maintenance, off-site tooling storage, and accountability and inventory systems development.

## 2.3 Engineering Studies and Analysis

|   |               |
|---|---------------|
| Estimated Engineering Studies and Analysis Total Subcontract Awards | \$ 45,576,876 |
|---|---------------|

|                                      |               |
|--------------------------------------|---------------|
| Estimated Subcontract Awards to SB's | \$ 10,731,284 |
| <b>SB Percentage Goal*</b>           | 23.5%         |

|                                       |              |
|---------------------------------------|--------------|
| Estimated Subcontract Awards to SDB's | \$ 3,074,369 |
| <b>SDB Percentage Goal*</b>           | 6.7%         |

|  |              |
|--|--------------|
| Estimated Subcontract Awards to WOSB's | \$ 1,096,896 |
| <b>WOSB Percentage Goal*</b>           | 2.4%         |

\*Goals are shown as a Percentage of the Estimated Engineering Studies and Analysis Total Subcontract Awards

The definition of engineering studies and analysis is purchased engineering services including engineering design



and engineering studies, technical assistance, wind tunnel testing, and laboratory analysis.

## **2.4 Electrical Purchased Parts**

|                                     |    |            |
|-------------------------------------|----|------------|
| Estimated Electrical Purchase Parts | \$ | 55,363,602 |
| Total Subcontract Awards            |    |            |

|                                      |    |            |
|--------------------------------------|----|------------|
| Estimated Subcontract Awards to SB's | \$ | 25,992,011 |
| <b>SB Percentage Goal*</b>           |    | 49.6%      |

|                                       |    |           |
|---------------------------------------|----|-----------|
| Estimated Subcontract Awards to SDB's | \$ | 6,919,660 |
| <b>SDB Percentage Goal*</b>           |    | 12.5%     |

|  |    |           |
|--|----|-----------|
| Estimated Subcontract Awards to WOSB's | \$ | 1,443,204 |
| <b>WOSB Percentage Goal*</b>           |    | 2.6%      |

\*Goals are shown as a Percentage of the Estimated Electrical Purchased Parts Total Subcontract Awards

Electrical Purchased Parts are defined as parts with electrical components being the majority of its content, i.e., wiring and other circuitry. Examples are resistors, transistors, connectors, diodes, capacitors, switches, sensors and transducers, and microcircuits. Additionally, they are typically low dollar value items.

## **3. Fiscal Year 1999 Companywide DOD SB, SDB, and WOSB Program Initiatives**

The Boeing Company willingly supports the DOD initiatives and will continue to develop subcontracting opportunities for SDB's regardless of owner ethnicity or gender. For FY 1999, the following six initiatives will continue to be supported:

- a. Increase participation over the previous year's SDB/WOSB goals.
- b. Historically Black Colleges/Universities and Minority Institutions Initiative (HBCU/MI's)
- c. Enhancement of High-Technology SDB Opportunities
- d. Native American Initiative
- e. Webpage Initiative
- f. Mentor-Protégé Initiative



### **3.1 Increase participation over FY 1998 SDB/WOSB Subcontracting Goals**

FY 1999 SB/SDB goals represent an increase over the FY 1998 goals. The WOSB goal represents an increase over the WOSB performance. Best practices of The Boeing Company, Boeing North American, Inc., and the former McDonnell Douglas Corporation will be identified and companywide processes implemented to increase subcontracting opportunities for SDB/WOSB's. Also, The Boeing Company will utilize the Mentor-Protégé, SDB High Tech, Industry Category, and HBCU/MI initiatives to enhance participation of SDB's and WOSB's in DOD subcontracting.

### **3.2 HBCU/MI Initiatives**

#### **3.2.1 Background**

The Boeing Company has established an HBCU/MI Advisory Council to implement and oversee the various HBCU/MI-related outreach initiatives. Partnerships have been established with thirteen HBCU's -- they are Alabama A&M; Central State University; Clark Atlanta University; Florida A&M University; Howard University; Morehouse College; Morris Brown; North Carolina A&T; Prairie View A&M; Spelman; Southern University; Tennessee State University; Tuskegee University; and three MI's they are New Mexico State University; University of Hawaii and University of Texas at El Paso.

The partnerships include the following initiatives:

- a. Identification, analysis, and award of IRAD/CRAD subcontracts to partnering HBCU's.
- b. Identification of ways to support campus student activities related to engineering, computer science, business management, and other technologies.
- c. Implementation of HBCU/MI faculty/Boeing lecture exchange program.
- d. Investigation of opportunities for Boeing to partner with an HBCU/MI as a subcontractor to create or improve a "win" strategy.
- e. Participation of HBCU/MI faculty and students in co-op and summer temporary employment programs.



### **3.2.2 Initiative**

For 1999, continuing emphasis will be placed on awarding subcontracts to HBCU/MI's. To accomplish this, the Corporate Supplier Diversity Programs Office will obtain and provide a listing of the recognized HBCU/MI institutions with their research capabilities, names of contacts at each institution, and will distribute the information to Boeing Engineering groups to enhance study contract opportunities with HBCU/MI's. A quarterly performance and progress report will be published for program management visibility. Integration of the former Boeing and McDonnell Douglas Corporation companies' HBCU-MI initiatives/activities will be accomplished during the transition phase.

Furthermore, the Corporate Supplier Diversity Programs Office has established an HBCU/MI Subcontracting Committee comprised of 12 Supplier Diversity Program representatives. The committee will develop and implement a strategic plan to enhance the Boeing/HBCU/MI partnerships and ultimately increase subcontracting opportunities to HBCU/MI's. The initial goal of the Subcontracting Committee is to educate Boeing organizations about the technical capabilities of HBCU/MI's and facilitate subcontracting partnerships between Boeing and HBCU/MI's.

## **3.3 *Enhancement of High-Technology SDB Opportunities***

### **3.3.1 Background**

The high technology activity was voluntarily initiated by heritage Boeing in response to the SDB community's concern that they received only low-tech service types of work in spite of their capabilities and the internal corporate perception that no high technology SDB's existed. The purpose of this initiative was not only to place contracts with high-tech SDB's now; but to also build a pre-surveyed base of identified SDB firms for potential future opportunities. The post-merger Boeing Company continues to search aggressively for high technology SDB's and WOSB's through 8(a) venues, Small Business Innovative Research (SBIR) activities and other outreach conferences and activities. The cadre of identified, qualified high-tech firms continues to grow steadily as does the number of contract dollars awarded to them. Boeing



will continue these efforts to the maximum extent possible.

In addition, company-wide training regarding the initiative and obtaining broad buy-in is an on-going set of challenges as is identification of the additional technical areas of interest inherent in the expanded company. To address these challenges, a task team was established in March of 1998 to identify current and future high technology requirements. Initially begun with Supplier Diversity Programs representatives, the team has now expanded to include procurement and engineering members. The team plans to have a technical referral and assessment process that responds to our new corporate requirements and structure in place during FY 1999.

Furthermore, engineering functions have been provided a list of future high-technology requirements. Since inception of this initiative in FY 1994, 130 high-tech capability packages have been received from advanced technology SDB firms for evaluation by interested Research and Technology/ Engineering Groups. Forty-nine of the one-hundred thirty received an evaluation of "potential supplier." Of the potential technology suppliers, 26 were rated as "technically qualified" for one or more current technology requirements.

### **3.3.2 Initiative**

In FY 1999, the Boeing Company Supplier Diversity Programs Office, MAMS and S&C will continue to introduce the high-tech concept to other non-DOD areas of the company. Specific measurement processes such as: number of contracts placed, firms evaluated and qualified, refinement of the requirement list of high technologies, etc., are still being assessed for companywide implementation.

The Boeing Company will aggressively pursue business relationships with Small Businesses through the Small Business Innovation Research (SBIR) Program. SBIR inquiries provide a database of Small Businesses who have research and development capabilities. Through topics of interest to Boeing, these companies may be utilized on the various Boeing programs. By supporting Small Businesses on an SBIR project, Boeing is able to evaluate a company's capabilities and catalog this expertise for future reference and utilization on advanced programs, dual use technologies and upgrades of current Boeing programs.



The Boeing Company will continue to participate in activities such as SBIR conferences as a resource for identifying potential SDB high-tech sources. Integration of the former Boeing and McDonnell Douglas Corporation companies' high technology initiatives/activities will be accomplished during the transition phase.

### **3.4 Native American Initiative**

The Boeing Company is committed to increasing subcontracting participation for all SDB's, including those owned by Native Americans, Native American tribes, Black Americans, Hispanic Americans, Asian-Pacific Americans, and Subcontinent-Asian Americans, regardless of gender.

Due to regulatory changes, Boeing is now eligible to participate in the DOD's 5% Indian Incentive Program. In March 1998, Boeing requested that the appropriate clauses be incorporated into all its active DOD prime contracts. Upon incorporation of the clauses, Boeing will report its subcontracting activity to Native American-owned small businesses. To assist with identifying Native American-owned businesses, the Supplier Diversity Programs Office will develop and distribute a list of current Boeing suppliers owned by Native Americans.

### **3.5 Webpage Initiative**

The Boeing Company will continue to utilize its webpage to assist the supplier community in identifying potential procurement opportunities throughout the company. To achieve this, the Directory of Buyers will be put on the external Boeing webpage. Supplier introduction packages will include the web address and instructions to access the directory. Current and potential suppliers will be able to search the directory by commodity, buyer, and buyer location.

### **3.6 Mentor-Protégé Initiative**

#### **3.6.1 Background**

The Boeing Company currently has mentor-protégé agreements with the following companies:

- a. Aero-Fab Corporation - Provides precision machining for Delta Launch Vehicle and also supports the C-17 program. Plan to develop and increase engineering design capability.



- b. General Technology Corporation - Provides electrical and electronic devices to the F-18 program. Plan is to provide assistance in expanding testing capabilities to include medium and high complex devices.
- c. Mid-America Consulting Group - Provides management and consulting services to the C-17 program. Plan is to expand their capabilities in hardware and software integration.
- d. Technology Management, Inc. - Provides engineering services and contract labor under the Apache Helicopter Program. Plan is to provide assistance in marketing, business management, and expansion of services.
- e. Shawnee Manufacturing - Provides precision machining and parts for tactical aircraft to MAMS. Plan is to provide assistance in improving product quality and business management systems.
- f. Manufacturing Technology, Inc. - Provides support under the F/A-18 Program. A follow-on to our current mentor-protégé agreement with Manufacturing Technology, Inc. (MTI) has been forwarded to the DOD's SB office for approval.
- g. Pyro-Media - Design and manufacture of high-technology ceramic tooling in support of the F-22 Program. Plan is to increase internal marketing and subcontracting opportunities even though Phase II has not received program funding.

### **3.6.2 Initiative**

In FY 1999, The Boeing Company will consider the addition of one new Mentor-Protégé agreement with an SDB. Furthermore, Boeing will take pro-active measures to increase subcontracting opportunities throughout the company for its existing protégés.

## **4. Policies and Procedures**

The Boeing Company will review the policies and procedures of The Boeing Company, Boeing North American, Inc. and the former McDonnell Douglas Corporation and revise them as appropriate during the transition phase. Employees will continue to follow existing guidelines until the updated, companywide policies and procedures are in place.



**5. Corporate Administrative Contracting Officer Approval of FY 1999 Exhibit 1999**

Exhibit 1999 to Department of Defense Comprehensive Small Business, Small Disadvantaged Business and Women-owned Small Business Subcontracting Plan, Original - Document D180-32721-3, is approved for Fiscal Year 1999 effective October 1, 1998, through September 30, 1999.

**APPROVAL BY:**

A handwritten signature in cursive script that reads "Stephen E. Trautwein".

Stephen E. Trautwein  
Corporate Administrative  
Contracting Officer  
Box 3707  
Mail Stop 13-05  
Seattle, Washington 98124-2207

Oct 30, 1998  
Date



## EXHIBIT 2000 - FISCAL YEAR 2000

### TABLE OF CONTENTS

|  | Page      |
|--|-----------|
| <b>1. FY 2000 COMPANYWIDE DOD SB, HSB, SDB, AND WOSB PERCENTAGE GOALS, ESTIMATED SUBCONTRACTING DOLLARS, AND RATIONALE SUPPORTING THE FORECAST .....</b>                             | <b>45</b> |
| <b>1.1 Companywide Percentage Goals and Estimated Subcontracting Dollars.....</b>  | <b>45</b> |
| 1.1.1 Development Process .....  | 45        |
| 1.1.2 FY 2000 Forecast.....  | 45        |
| 1.1.3 DOD Services Forecasts.....  | 46        |
| <b>1.2 Rationale Supporting the DOD Forecast, Company Organization and Organizational Forecasts .....</b>  | <b>47</b> |
| 1.2.1 Forecast Rationale .....   | 47        |
| 1.2.2 Organization.....  | 48        |
| 1.2.3 Organizational Procurement Forecast.....   | 48        |
| 1.2.3.1 Military Aircraft and Missiles (A&M).....  | 48        |
| 1.2.3.2 Space and Communications (S&C).....  | 50        |
| <b>2. Fiscal Year 2000 Specific Industry Category SB, SDB and WOSB Percentage Goals, Estimated Subcontracting Dollars, and Rational Supporting the Industry Category Goals .....</b> | <b>51</b> |
| 2.1 Composite Fabrication .....  | 52        |
| 2.2 Tooling .....  | 52        |
| 2.3 Engineering Studies and Analysis .....   | 53        |
| 2.4 Electrical Purchased Parts.....  | 53        |
| <b>3. Fiscal Year 2000 Companywide DOD SB, SDB, and WOSB Program Initiatives.....</b>  | <b>54</b> |
| 3.1 Increase participation over FY 1999 SDB/WOSB Subcontracting Goals.....   | 54        |
| 3.2 HBCU/MI Initiatives .....  | 54        |
| 3.2.1 Background .....   | 54        |
| 3.2.2 Initiative.....  | 55        |
| 3.3 HUBZone Small Business Initiative .....  | 56        |
| 3.3.1 Background .....   | 56        |
| 3.3.2 Initiative.....  | 56        |
| 3.4 Native American Initiative .....   | 56        |
| 3.5 Webpage Initiative.....  | 56        |
| 3.6 Mentor-Protégé Initiative.....   | 57        |
| 3.6.1 Background .....   | 57        |
| 3.6.2 Initiative.....  | 57        |
| <b>4. Policies and Procedures .....</b>  | <b>58</b> |
| <b>5. Corporate Administrative Contracting Officer Approval of FY 2000 Exhibit 2000.....</b>   | <b>59</b> |



Exhibit 2000 provides those elements of the plan that are peculiar to Fiscal Year (FY) 2000. It incorporates the procurement and initiative activities of the entire Boeing Company. Exhibit 2000, which addresses FY 2000 goals, narrative, and initiatives is hereby incorporated as part of Document D180-32721-3, Rev. A.

Exhibit 2000 contains five sections as follows:

1. FY 2000 companywide DOD small business (SB), HUBZone small business (HSB), small disadvantaged business (SDB), and women-owned SB (WOSB) subcontracting percentage goals, estimated subcontracting dollars, and rationale supporting the forecast.
2. FY 2000 specific industry category SB, SDB, WOSB percentage goals, estimated subcontracting dollars, rationale supporting industry category goals.
3. FY 2000 companywide initiatives.
4. Policies and Procedures
5. Corporate Administrative Contracting Officer (CACO) approval of Exhibit 2000.

**1. FY 2000 COMPANYWIDE DOD SB, HSB, SDB, AND WOSB PERCENTAGE GOALS, ESTIMATED SUBCONTRACTING DOLLARS, AND RATIONALE SUPPORTING THE FORECAST**

***1.1 Companywide Percentage Goals and Estimated Subcontracting Dollars***

**1.1.1 Development Process**

The development process for establishing the goals focuses on the front end of the business where critical decisions are made regarding acquisition strategy, design and development. Each program manager establishes annual operating unit subcontracting goals based upon total planned material dollars to be procured. This ensures that the goals are realistic, clearly understood by the various levels of management, and that those persons responsible for acquisition decisions "own" the SB/HSB/SDB/WOSB utilization process.

**1.1.2 FY 2000 Forecast**

FY 2000 SB/HSB/SDB/WOSB subcontracting forecasts have been prepared in accordance with Sections 17, 18 and 19 of the approved Boeing Company Comprehensive Plan, Document Number D180-32721-3, Rev A. Forecasted



subcontracting dollars shown below reflect FY DOD-projected funding. The dollar totals and percentages are Boeing's forecast showing estimated performance based on the current business situation and DOD contracting activities anticipated in FY 2000.

|                                     |                 |
|-------------------------------------|-----------------|
| Estimated Total Subcontract Dollars | \$5,086,747,418 |
| Estimated SB Subcontract Dollars    | \$ 778,521,627  |
| SB Percentage                       | 15.3%           |
| Estimated SDB Subcontract Dollars   | \$ 140,464,515  |
| SDB Percentage                      | 2.8%            |
| Estimated WOSB Subcontract Dollars  | \$ 62,093,633   |
| WOSB Percentage                     | 1.2%            |

The majority of DOD programs at Boeing are mature with established suppliers. Others have directed sources that erode the opportunity for subcontracting with SB, SDB and WOSB concerns. Furthermore, some programs are waiting for authorization to enter into production.

Boeing was unable to forecast HUBZone Small Business (HSB) awards because the SBA PRO-Net listing of certified HSB's contained fewer than 200 firms when the forecast was set. Boeing will undertake a new initiative aimed at identifying and increasing subcontract opportunities for HSB's (see Section 3.3).

Boeing recognizes the need to establish challenging goals and to motivate and incentivize all personnel in the supplier source selection process chain to exercise aggressive efforts to identify and contract with diverse suppliers. Accordingly, Boeing will establish extremely aggressive goals of 20.0% for SB, 0.02% for HSB, 5.0% for SDB, and 2.0% for WOSB, which are a significant stretch above the forecasted plan. These goals amount to \$1,017.3 million for SB, \$1.0 million for HSB, \$254.3 million for SDB, and \$101.7 million for WOSB based on the total forecasted dollars of \$5,086.7 million.

### **1.1.3 DOD Services Forecasts**

FY 2000 marks the first year Boeing has included a forecast of SB, SDB and WOSB subcontracting awards by DOD service. The following breakout is provided for information purposes only to our Air Force, Navy and Army customers. It does not represent separate by-



service goals and will not be a weighted performance factor during program reviews. The percentages are based on the total forecast for each service.

|       | SB\$      | SB%   | SDB\$    | SDB% | WOSB\$   | WOSB% |
|-------|-----------|-------|----------|------|----------|-------|
| USAF  | \$ 404.2M | 18.3% | \$ 68.6M | 3.1% | \$ 36.5M | 1.6%  |
| NAVY  | \$ 204.5M | 12.6% | \$ 51.4M | 3.2% | \$ 13.3M | 0.8%  |
| ARMY  | \$ 106.7M | 31.2% | \$ 16.9M | 4.9% | \$ 11.2M | 3.3%  |
| Other | \$ 63.2M  | 6.9%  | \$ 3.5M  | 0.4% | \$ 1.2M  | 0.1%  |

## 1.2 ***Rationale Supporting the DOD Forecast, Company Organization and Organizational Forecasts***

### 1.2.1 **Forecast Rationale**

FY 2000 is the third year in a new era for Boeing due to merger activities with the former Rockwell International aerospace and defense businesses and the former McDonnell Douglas Corporation. Strategic planning initiatives focusing on single common processes to ensure continued increases in SB/HSB/SDB/WOSB subcontracting opportunities will be a major challenge.

Boeing has several large-dollar programs that have limited SB/HSB/SDB/WOSB subcontracting opportunities. For example, the F/A-18 Program represents a significant portion of all Boeing DOD subcontracting opportunities. Due to a legal settlement, Northrop Grumman is the principal subcontractor to Military Aircraft & Missiles for major systems including the F/A-18 center fuselage, centerline pylons, aft fuselage, and vertical stabilizers. Therefore, there are no opportunities for subcontract awards to SB/HSB/SDB/WOSB in these areas.

The C-17 is another program that has little opportunity for SB/HSB/SDB/WOSB subcontracting. The majority of subcontracts are restricted due to proprietary issues, non-repetitive costs, product prequalification requirements or are customer-directed; hence there is limited opportunity for subcontracting to SB/HSB/SDB/WOSB concerns.

The National Missile Defense/Lead System Integrator (NMD/LSI) program also has limited direct subcontracting opportunities. During the solicitation process it was known that the offeror receiving the award would be required to work with TRW and Raytheon in order to meet the statement of work. After award to Boeing, DOD moved other contracts under the NMD/LSI



umbrella, so Boeing was directed to work with Lockheed Martin also.

The F/A-18, C-17 and NMD/LSI Programs' impact on SB/HSB/SDB/WOSB subcontracting was considered during development of the FY 2000 DOD Comprehensive Subcontracting Plan forecasts. Also considered was the historical subcontracting performance of Boeing business units.

The SDB forecast and goal was based on the current Boeing self-certified SDB base. The forecast for subcontracting with SBA-certified SDB's was \$41,799,907 or 0.8%. In an on-going effort to educate SDB's regarding this new requirement, Boeing sent multiple letters to its SDB suppliers and is holding a telephone campaign to notify them of the requirement. As of August, only 10% of current Boeing SDB suppliers had received certification.

### **1.2.2 Organization**

The DOD FY 2000 forecast is based upon the current organization of groups, business units, and subsidiaries. This organizational structure and the programs within each organization may change.

Military Aircraft and Missiles and Space and Communications provide the majority of the DOD subcontracting for Boeing.

### **1.2.3 Organizational Procurement Forecast**

Each group's projected FY 2000 DOD activity is summarized below:

#### **1.2.3.1 Military Aircraft and Missiles (A&M)**

A&M represents 74.5% of the total dollar forecast with 82.0% of the SB dollars, 93.8% of the SDB dollars, and 83.0% of the WOSB dollars. A&M's forecast is based on procuring activity at eight locations and one research & development organization.

a. St. Louis, MO

Programs supported by St. Louis include Production Aircraft (F/A-18, F-15, T-45, AV-8B), Weapons (Missile Programs), Production Operations, and Aerospace Support.



b. Long Beach, CA

Long Beach designs, develops, tests, and manufactures the C-17 Transport Aircraft; and provides logistics, spares and sustaining engineering support for other programs such as the KCD-10 Tanker.

c. Mesa, AZ

Programs supported by Mesa include the Apache Longbow Remanufacturing Effort and the UK (Commercial) and Netherlands Apache Production Effort (FMS).

d. Seattle, WA

The Seattle organization provides support to the F-22 and Joint Strike Fighter programs.

e. Philadelphia, PA

Philadelphia supports the RAH-66, V-22, AH-64 Apache and tandem rotors programs.

f. Wichita, KS

This organization specializes in modification, maintenance and technical services for primarily military tanker and bomber aircraft. Current aircraft programs include re-engining kit fabrication and assembly/ installation, fleet support, enhanced tanker performance, weapons integration, mission planning and rotary launchers and multipoint refueling system program follow-on.

Dramatic changes are in store for this division in FY 2000 as the business base moves from a principally airframe modification activity to an increased avionics base with the award of group B work for the GTAM program. This new program's subcontracting activity will primarily require large businesses that have the appropriate capabilities. This change in business base will significantly affect small business goals for the coming year.

g. Midwest City, OK

Midwest City provides aircraft support to the E-6, T-43, E-3 and E-4B Contractor Logistics



Support programs and engineering services under the Special Air Mission umbrella for its Aircraft Support division. They also provide aircrew training systems support for KC-10, E-3 mission crew training JSTARS, Longbow, Apache, T-45, C-17 and programs under its Training Support division. And, under its Space and Communications Support, they provide Minute Man/Peacekeeper and IUS programs.

h. Tulsa, OK

The Tulsa organization provides support for the B1B, Joint Strike Fighter, Comanche Helicopter, 767 AWACS, KC/RC-135, Avenger and innovative research and development.

i. Phantom Works

The Phantom Works' primary objective is to improve the company's competitive position through innovative technologies, improved processes, and creation of new products. The organization will focus on affordability, quality and product performance improvements.

This unit focuses on Independent Research and Development (IRAD) and Contract Research and Develop (CRAD) effort. Therefore, opportunities exist for high technology research and development companies.

### **1.2.3.2 Space and Communications (S&C)**

S&C represents 25.5% of the total dollar forecast, with 18.0% of the SB dollars, 6.2% of the SDB dollars and 17.0% of the WOSB dollars. S&C's forecast is based on procuring activity at six locations.

a. Huntsville, AL

Huntsville supports the National Missile Defense Lead System Integration effort and the Avenger and Bradley programs.

b. Huntington Beach, CA

Huntington Beach supports the Delta II, Delta IV/EELV, Global Positioning System and integrated defense system programs.



c. Anaheim, CA

Anaheim provides support to the C-17, Delta II/III, ICBM, Apache, ASAT, Harpoon, F/A-18, and NMD/LSI programs.

d. Seattle, WA

This organization provides support for the AWACS, Airborne Laser, Minute Man, Inertial Upper Stage and Airborne Surveillance Testbed programs.

e. Canoga Park, CA

Programs supported by Canoga Park include the Delta II, Spaced Based Laser Concept Study and Peacekeeper.

f. Kennedy Space Center, FL

This organization provides support to various DOD informational and technical programs.

**2. Fiscal Year 2000 Specific Industry Category SB, SDB and WOSB Percentage Goals, Estimated Subcontracting Dollars, and Rational Supporting the Industry Category Goals**

FY 2000 industry category SB, SDB, and WOSB subcontracting goals have been prepared in accordance with Sections 17, 18, and 20 of the approved Comprehensive Plan, Document Number D180-32721-3, Rev. A. The industry categories are 1) tooling, 2) composite fabrication, 3) engineering studies and analysis and 4) electrical purchased parts.

Due to the lack of new program startups, there continues to be a substantial decrease in tooling and composite fabrication requirements. The small amount to be purchased will be awarded to companies already in the supplier base. In many cases, there are no requirements for the specific parts which the SDB and WOSB firms are qualified to build, thus driving down percentages. Therefore, for FY 2000, Boeing will consider replacing the industry categories with new categories for FY 2001.

Boeing is in the process of upgrading its procurement systems and processes to capture companywide data on the industry categories. Until the systems are upgraded, performance goals and actuals for tooling, composite fabrication, engineering studies and analysis, and electrical purchase parts will partially reflect Boeing's performance in each category.



Dollars reported below represent DOD authorized fund-limited amounts only.

## **2.1 Composite Fabrication**

|                                 |    |         |
|---------------------------------|----|---------|
| Estimated Composite Fabrication | \$ | 500,000 |
| Total Subcontract Awards        |    |         |

|                                      |    |        |
|--------------------------------------|----|--------|
| Estimated Subcontract Awards to SB's | \$ | 25,000 |
| <b>SB Percentage Goal*</b>           |    | 5.0%   |

|                                       |  |      |
|---------------------------------------|--|------|
| Estimated Subcontract Awards to SDB's |  | -    |
| <b>SDB Percentage Goal*</b>           |  | 0.0% |

|  |  |      |
|--|--|------|
| Estimated Subcontract Awards to WOSB's |  | -    |
| <b>WOSB Percentage Goal*</b>           |  | 0.0% |

\*Goals are shown as a Percentage of the Estimated Composite Fabrication Total Subcontract Awards.

The definition of composite fabrication is any process used to shape, form, or process the basic composite raw material. This includes the fabrication of channels, seal caps, shims, fillers, spacers, jumpers, baffles, rubber blocks, floor panels, access doors, composite tooling, thermoformed polycarbonate parts, and miscellaneous machined plastics. Processing methods will include machining, molding, and water-jet cutting. Composite raw materials are defined as any material composed of two or more materials. This includes plastics, rubber, various types of glass, metal, etc.

## **2.2 Tooling**

|  |    |           |
|--|----|-----------|
| Estimated Tooling Total Subcontract Awards | \$ | 4,376,326 |
|--|----|-----------|

|                                      |    |           |
|--------------------------------------|----|-----------|
| Estimated Subcontract Awards to SB's | \$ | 2,723,463 |
| <b>SB Percentage Goal*</b>           |    | 62.2%     |

|                                       |    |         |
|---------------------------------------|----|---------|
| Estimated Subcontract Awards to SDB's | \$ | 122,927 |
| <b>SDB Percentage Goal*</b>           |    | 2.8%    |

|  |    |        |
|--|----|--------|
| Estimated Subcontract Awards to WOSB's | \$ | 31,473 |
| <b>WOSB Percentage Goal*</b>           |    | 0.7%   |

\*Goals are shown as a Percentage of the Estimated Tooling Total Subcontract Awards

The definition of tooling includes the traditional areas of moldings, castings, and machined items produced out of metallics. It also includes the manufacturing of tools



from composite materials, tool design, tool programming, tool maintenance, off-site tooling storage, and accountability and inventory systems development.

### **2.3 Engineering Studies and Analysis**

|   |              |
|---|--------------|
| Estimated Engineering Studies and Analysis Total Subcontract Awards | \$ 5,701,715 |
|---|--------------|

|                                      |              |
|--------------------------------------|--------------|
| Estimated Subcontract Awards to SB's | \$ 2,688,685 |
| <b>SB Percentage Goal*</b>           | 47.2%        |

|                                       |            |
|---------------------------------------|------------|
| Estimated Subcontract Awards to SDB's | \$ 242,787 |
| <b>SDB Percentage Goal*</b>           | 4.3%       |

|  |            |
|--|------------|
| Estimated Subcontract Awards to WOSB's | \$ 147,854 |
| <b>WOSB Percentage Goal*</b>           | 2.6%       |

\*Goals are shown as a Percentage of the Estimated Engineering Studies and Analysis Total Subcontract Awards

The definition of engineering studies and analysis is purchased engineering services including engineering design and engineering studies, technical assistance, wind tunnel testing, and laboratory analysis.

### **2.4 Electrical Purchased Parts**

|  |               |
|--|---------------|
| Estimated Electrical Purchase Parts Total Subcontract Awards | \$ 14,321,738 |
|--|---------------|

|                                      |              |
|--------------------------------------|--------------|
| Estimated Subcontract Awards to SB's | \$ 8,389,482 |
| <b>SB Percentage Goal*</b>           | 58.6%        |

|                                       |              |
|---------------------------------------|--------------|
| Estimated Subcontract Awards to SDB's | \$ 1,049,431 |
| <b>SDB Percentage Goal*</b>           | 7.3%         |

|  |            |
|--|------------|
| Estimated Subcontract Awards to WOSB's | \$ 469,531 |
| <b>WOSB Percentage Goal*</b>           | 3.3%       |

\*Goals are shown as a Percentage of the Estimated Electrical Purchased Parts Total Subcontract Awards

Electrical Purchased Parts are defined as parts with electrical components being the majority of its content, i.e., wiring and other circuitry. Examples are resistors, transistors, connectors, diodes, capacitors, switches, sensors and transducers, and microcircuits. Additionally, they are typically low dollar value items.



### **3. Fiscal Year 2000 Companywide DOD SB, SDB, and WOSB Program Initiatives**

Boeing willingly supports the DOD initiatives and will continue to develop subcontracting opportunities for SDB's regardless of owner ethnicity or gender. Additionally, Boeing will undertake a new HSB initiative. For FY 2000, the following six initiatives will be supported:

- a. Increase participation over the previous year's SDB/WOSB goals.
- b. Historically Black Colleges/Universities and Minority Institutions Initiative (HBCU/MI's)
- c. HUBZone Small Business Initiative
- d. Native American Initiative
- e. Webpage Initiative
- f. Mentor-Protégé Initiative

#### **3.1 *Increase participation over FY 1999 SDB/WOSB Subcontracting Goals***

Best practices of The Boeing Company, Boeing North American, Inc., and the former McDonnell Douglas Corporation will be identified and companywide processes implemented to increase subcontracting opportunities for SDB/WOSB's. Also, Boeing will utilize the Mentor-Protégé, HSB, Industry Category, and HBCU/MI initiatives to enhance participation of SDB's and WOSB's in DOD subcontracting.

#### **3.2 *HBCU/MI Initiatives***

##### **3.2.1 Background**

Boeing has established an HBCU/MI Advisory Council to implement and oversee the various HBCU/MI-related outreach initiatives. Partnerships have been established with fourteen HBCU's -- they are Alabama A&M; Central State University; Clark Atlanta University; Florida A&M University; Howard University; Langston University; Morehouse College; Morris Brown; North Carolina A&T; Prairie View A&M; Spelman; Southern University; Tennessee State University; Tuskegee University; and three MI's -- they are



New Mexico State University; University of Hawaii and University of Texas at El Paso.

The partnerships include the following initiatives:

- a. Identification, analysis, and award of IRAD/CRAD subcontracts to partnering HBCU's.
- b. Identification of ways to support campus student activities related to engineering, computer science, business management, and other technologies.
- c. Implementation of HBCU/MI faculty/Boeing lecture exchange program.
- d. Investigation of opportunities for Boeing to partner with an HBCU/MI as a subcontractor to create or improve a "win" strategy.
- e. Participation of HBCU/MI faculty and students in co-op and summer temporary employment programs.

### **3.2.2 Initiative**

For 2000, continuing emphasis will be placed on awarding subcontracts to HBCU/MI's. To accomplish this, the Corporate Supplier Diversity Programs Office has obtained a listing of the recognized HBCU/MI institutions with their research capabilities, names of contacts at each institution, and has distributed the information to Boeing Engineering groups to enhance study contract opportunities with HBCU/MI's. A quarterly performance and progress report will be published for program management visibility.

Furthermore, the Corporate Supplier Diversity Programs Office has established an HBCU/MI Subcontracting Committee comprised of 12 Supplier Diversity Program representatives. The goal of the Subcontracting Committee is to educate Boeing organizations about the technical capabilities of HBCU/MI's and facilitate subcontracting partnerships between Boeing and HBCU/MI's. The committee has developed a strategic plan to enhance the Boeing/HBCU/MI partnerships and ultimately increase subcontracting opportunities to HBCU/MI's. The plan will be implemented during FY 2000.



### **3.3 HUBZone Small Business Initiative**

#### **3.3.1 Background**

The HUBZone Empowerment Contracting program was enacted into law as part of the Small Business Reauthorization Act of 1997. The program promotes economic development and employment growth in distressed areas by providing access to more Federal contracting opportunities. In January 1999, this was flowed down to government prime contractors by the additional requirement of an HSB goal in their subcontracting plans. However, in order to participate, HSB's had to be certified as such by the SBA. By July 1999, less than 200 firms had received HSB certification by the SBA.

#### **3.3.2 Initiative**

In FY 2000, Boeing will compare its supplier base with the SBA's listing of qualified HSB firms in order to identify current HSB suppliers. Since this is a new business size, Boeing needs to modify its supplier databases and procurement systems in order to identify subcontract awards to HSB firms. Therefore, a system will be developed to capture HSB subcontract award data on a company-wide basis.

### **3.4 Native American Initiative**

Boeing is committed to increasing subcontracting participation for all SDB's, including those owned by Native Americans, Native American tribes, Black Americans, Hispanic Americans, Asian-Pacific Americans, and Subcontinent-Asian Americans, regardless of gender.

Due to regulatory changes, Boeing is now eligible to participate in the DOD's 5% Indian Incentive Program. In March 1998, Boeing requested that the appropriate clauses be incorporated into all its active DOD prime contracts. Boeing will report its subcontracting activity to Native American-owned small businesses.

### **3.5 Webpage Initiative**

Boeing will continue to utilize its webpage to assist the supplier community in identifying potential procurement opportunities throughout the company. The webpages include procurement policies, points of contact, how to do business with Boeing, the Supplier Diversity Programs Newsletter and the directory of buyers. Boeing's Supplier introduction packages include the web address and instructions to access



the directory. Current and potential suppliers are able to search the directory by commodity, buyer, and buyer location.

For FY 2000, the Corporate Supplier Diversity Office will develop an internal webpage for inreach and training purposes. It will include links to policies and procedures, performance metrics, supplier profiles, downloadable documents and group/business unit Supplier Diversity webpages.

### **3.6 Mentor-Protégé Initiative**

#### **3.6.1 Background**

Boeing currently has mentor-protégé agreements with the following companies:

- a. Aero-Fab Corporation - Provides precision machining for Delta Launch Vehicle and supports the C-17 program. Plan to develop and increase engineering design capability, build on current capabilities and establish new technology.
- b. Mid-America Consulting Group - Provides management and consulting services relative to purchasing enhancements via SupplierNET. Plan is to expand their capabilities in hardware and software integration.
- c. Technology Management, Inc. - Provides engineering services and contract labor under the Apache Helicopter Program. Plan is to provide assistance in marketing, business management, and expansion of services.
- d. Shawnee Manufacturing - Provides precision machining and parts for tactical aircraft to A&M. Plan is to provide assistance in improving product quality, business management systems and overall technical machining efficiencies.
- e. Manufacturing Technology, Inc. - Provides support under the F/A-18 Program and other Navy and Air Force programs. Plan is to expand specific engineering disciplines.

#### **3.6.2 Initiative**

Boeing will take pro-active measures to increase subcontracting opportunities on government and non-government programs throughout the company for its existing protégés.



#### **4. Policies and Procedures**

Boeing has revised the companywide procurement policy and the supplier diversity procedure. Each group and business unit is in the process of reviewing their local policies and procedures and revising them to comply with the new standards. Employees will continue to follow existing guidelines until the updated procedures are in place.



## **5. Corporate Administrative Contracting Officer Approval of FY 2000 Exhibit 2000**

The parties to this agreement are pleased to present this plan detailing The Boeing Company's goals and objectives in support of the Department of Defense socioeconomic programs for the upcoming fiscal year. The plan represents a good faith commitment on the part of both the U.S. Government and The Boeing Company to work toward our common goals of maximizing opportunities for Small, HUBZone Small, Small Disadvantaged and Women-owned Small Business.

We recognize that the goals set forth in the Boeing FY 2000 Comprehensive Subcontracting Plan, Section 1.1.2, 20.0% SB, 0.02% HSB, 5.0% SDB and 2.0% WOSB, constitute extremely aggressive goals that are a significant stretch above the forecasted plan, 15.3% SB, 2.8% SDB and 1.2% WOSB developed by The Boeing Company based on the current business environment. Several of those factors include: the continuing deferral of production decisions on an array of U.S. Government programs offering substantial opportunities for participation; directed and/or mandatory sources on certain programs; the company's increasing focus on higher value-added, core competency activity as system integrator (reference activity on NMD/LSI architecture) and the divestiture of business units not conforming to that strategic focus.

Within this operating context, the parties have mutually agreed to an assessment approach that takes into account directed and other predestined sources arising from settlements, contractual agreements and the nature of known systems integration effort on major programs. Rather than an exclusively goal driven evaluation, the government review will be conducted with a focus upon the overarching Small Business Act requirements that maximum practicable opportunities be afforded those underrepresented categories specified in the plan.


Successful execution of this program will be measured based on such objective measures as performance to forecast, adequacy of policies and procedures governing subcontracting performance, compliance thereto and the extent to which qualifying awards are made in situations where opportunity reasonable exists. There is also a subjective element to the assessment - the commitment within every level of the company demonstrated by common performance characteristics exhibited by the Chairman of the Board through intermediate executive levels and engineers developing requirements to buyers awarding subcontracts.



This approach has evolved as the de facto method for the U.S. Government and The Boeing Company to work together toward our mutual goal of furthering opportunities for all. It is not only possible, but represents the most effective manner of engagement, in the environment as it exists today at Boeing - one characterized by consistently outstanding performance by the company in this arena.

Exhibit 2000 to Department of Defense Comprehensive Small Business, Small Disadvantaged Business and Women-owned Small Business Subcontracting Plan, Document D180-32721-3, Rev. A, is approved for Fiscal Year 2000 effective October 1, 1999, through September 30, 2000.

**APPROVAL BY:**

  
Stephen E. Trautwein  
Corporate Administrative  
Contracting Officer  
P.O. Box 3707  
Mail Code 13-05  
Seattle, Washington 98124-2207

Oct 19, 1999  
Date

## ***Appendix to DOD Company-Wide Comprehensive Subcontracting Plan, Document NR. D-180-32721-3, Rev. A***

### **SMALL/SMALL DISADVANTAGED BUSINESS TARGETS**

A major avionics upgrade program such as the C-130 AMP does not lend itself to extensive S/SDB participation as would be the case with a program focused on structural modification. However, Boeing has attempted to maximize S/SDB participation.

Listed below are the Boeing targets for Small Disadvantaged Business participation on the C-130 AMP Program:

| Extent of Commitment | Name & Address                                  | Supplies/ Service      | Business Size | SIC Major Headings                   | SIC Group | Estimated Dollar (\$ ) Amount | Estimated Percent of Total Subcontract Value | Estimated Percent of Total Contract Value |
|----------------------|---|------------------------|---------------|--------------------------------------|-----------|-------------------------------|--|---|
| 1                    | Tybrin Corporation<br>Fort Walton Beach, FL     | Software               | SB            | 37<br>Transportation Equipment       | 3728      | \$ 7,500,000                  | 0.4%   | 0.3%                                      |
| 2                    | Triad Design Services<br>Williston, VT          | Technical Publications | SB            | 89<br>Service Industry Miscellaneous | 8999      | \$ 3,000,000                  | 0.2%   | 0.1%                                      |
| 3                    | Frontier Electronic Systems<br>Stillwater, OK   | Wiring Harnesses       | SDB           | 37<br>Transportation Equipment       | 3769      | \$ 35,000,000                 | 2.0%   | 1.4%                                      |
| 3                    | Killdeer Mountain Manufacturing<br>Killdeer, ND | Wiring Harnesses       | SDB           | 36<br>Electrical Equipment           | 3672      |                               |  |   |
| 4                    | TBD   | Lighting               | SB            | 36<br>Electrical Equipment           | 3647      | \$ 21,500,000                 | 1.3%   | 0.9%                                      |
|                      |   |                        |               |                                      |           |                               |  |   |
|                      | <b>Total SDB Participation</b>                  |                        |               |                                      |           | <b>\$ 35,000,000</b>          | <b>2.0%</b>                                  | <b>1.4%</b>                               |
|                      | <b>Total S/SDB Participation</b>                |                        |               |                                      |           | <b>\$ 67,000,000</b>          | <b>3.9%</b>                                  | <b>2.6%</b>                               |

1 Tybrin has been selected to provide software and a teaming agreement is in place.

2 Boeing has previously utilized Triad's expertise in the area of producing technical publications. Although no formal solicitation has been made, Boeing is confident in Triad's ability to perform this work.

3 It is Boeing's intention to perform an SDB only competition for the production of small and medium sized wire harnesses. Both Frontier and Killdeer have successfully performed this type of work on other programs. Additional SDBs may be added prior to the competition.

4 Boeing intends to subcontract the Lighting requirements to a Small Business. However, we have not identified which companies will be involved in that competition.